

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND, APRIL 24/APRIL 25, 1993

Timex offers to settle strike at Dundee plant

Timex, the American multinational company, has offered to settle the increasingly bitter strike at its plant in Dundee, Scotland, if the workers and their union - the AEEU - are willing to negotiate a new agreement with an end to demarcation lines, and the introduction of total quality management, multi-skilling and team working. Page 4

Pearson to buy Thames Television: Pearson, the publishing, banking and industrial group has agreed to buy Thames Television, the UK's largest independent producer, for £99m. Page 23

BA and Virgin restart talks: British Airways and Virgin Atlantic Airways have restarted talks aimed at settling the "dirty tricks" dispute. Lawyers from the two companies met last week at BA's instigation, Virgin said. Page 23

Banks try to aid peseta: Six central banks intervened on the foreign exchange markets buying the Spanish peseta, after it plunged against the D-Mark inside the European exchange rate mechanism. Page 2; Peseta plunges, Page 11

London equities suffer heavy losses
A concerted attack on European bond and equity markets after the late slide on Wall Street on Thursday, triggered a sharp sell off in leading UK shares. The FT-SE 100 Index ended a hectic session 37.3 down at 2,843.8, wiping out most of the strong gains recorded earlier in the week. London stocks, Page 13; Lex, Page 23

Bosnian President Bill Clinton said the US should not intervene in Bosnia without the support of its allies, despite the mounting pressure on the administration to take some kind of military action against the Bosnian Serbs. Page 2; President's work in progress, Page 6

US concern as orders slow: The US Commerce Department reported a 3.7 per cent decline in new orders for durable goods between February and March, fuelling anxiety on Wall Street. Page 3

Diplomats missing in Afghanistan: A Briton from the deputy high commission in Karachi is one of three European diplomats who have disappeared after a joint official visit to the city of Quetta, Baluchistan, the Foreign Office said. Page 3

Asda to close factory: Asda, the UK's fourth-biggest food retailer, will close its Louthouse food factory in Wakefield, west Yorkshire, at the end of July, with the loss of 1,300 jobs. Page 4; Lex, Page 22

Blast 'probably terrorist attack': Police said a blast which damaged an oil tank at an Esso oil terminal at North Shields, Tyne and Wear, north east England, was probably a terrorist attack and possibly the work of the IRA.

Bank of Japan attacks Clinton: The Bank of Japan joined the rising chorus of Japanese criticism of President Clinton's remarks a week ago which have fuelled the rapid appreciation of the yen over the past few days. President Clinton suggested a stronger yen was one of several factors working to reduce Japan's trade surplus. Page 3

Japanese banks Leading banks announced large appraisal losses on their securities portfolios as the effects of the weakness of the stock market continued to echo through the financial system. The losses include ¥38.7bn (£358m) at Mitsubishi Bank and ¥46.6bn at Sanwa Bank. Page 10

Palestinian shot dead: Israeli soldiers shot and killed a Palestinian man and wounded at least 60 other Palestinians in clashes in the occupied Gaza Strip, Palestinians said.

TB 'global emergency': The World Health Organisation has declared tuberculosis a "global emergency". Unless immediate action is taken to curb its spread, the resurgent TB bacillus will kill 30m to 40m people over the next decade, it said. Page 3

STOCK MARKET INDICES		STERLING	
FT-SE 100	2843.8 (-37.3)	New York lunchtime	1.573
FT-SE 100	2843.8 (-37.3)	London	1.575 (1.548)
FT-SE 100	2843.8 (-37.3)	DM	2.495 (2.475)
FT-SE 100	2843.8 (-37.3)	FF	6.476 (6.39)
FT-SE 100	2843.8 (-37.3)	Sfr	2.255 (2.255)
FT-SE 100	2843.8 (-37.3)	Y	174.25 (170.25)
FT-SE 100	2843.8 (-37.3)	Z Index	81.2 (80.7)
US LUNCHTIME RATES		DOLLAR	
3-mo Treasury bill	2.3%	New York lunchtime	1.584 (1.585)
3-mo Treasury bill	2.3%	DM	1.584 (1.585)
3-mo Treasury bill	2.3%	FF	6.476 (6.39)
3-mo Treasury bill	2.3%	Sfr	2.255 (2.255)
3-mo Treasury bill	2.3%	Y	174.25 (170.25)
3-mo Treasury bill	2.3%	Z Index	81.2 (80.7)
LONDON MONEY		NORTH SEA OIL (Argus)	
3-mo Interbank	5.1%	Brut 15-day (Jun)	\$18.99 (18.75)
3-mo Interbank	5.1%	New York Comex (Apr)	\$346.5 (342.5)
3-mo Interbank	5.1%	London	\$344.15 (340.15)
3-mo Interbank	5.1%	Tokyo close Y 110.4	

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Appeal court ruling allows school tests boycott

By John Authers and Philip Stephens

CLASSROOMS in England and Wales face a summer of disruption after Britain's second largest teachers union yesterday successfully defended its right to boycott the controversial national curriculum tests in the courts.

Mr John Patten, the embattled education secretary, now faces the choice of an embarrassing climbdown, a rush to change the law or widely disrupted tests.

The Appeal court ruled against Wandsworth Borough Council, which brought the action to prevent the National Association of Schoolmasters' Union of Women Teachers, from boycotting the tests.

Wandsworth will not attempt to appeal to the House of Lords.

The NASUWT is already boycotting the tests, which are due to take place in June. The two other biggest teaching associations, the National Union of Teachers and the Association of Teachers and Lecturers, who are also boycotting their members are expected to join the boycott.

Teachers and Lecturers, who are also boycotting their members are expected to join the boycott.

However, senior Whitehall officials yesterday appeared to play down suggestions that the government would introduce emergency legislation to outlaw the boycott.

Earlier this week a leaked letter to Mr Patten from Mrs Gillian Shephard, the employment secretary, suggested the government was preparing to amend the employment bill to outlaw industrial action which would flout the will of parliament.

Downing Street refused to rule out such a move. But officials stressed the idea was not at present under "active consideration", reinforcing a general view at Westminster that the government would have to ride out the present storm in the hope that the teachers would eventually lose the sympathy of parents.

The Appeal Court ruled unanimously that the NASUWT's action was lawful because it mainly related to the heavy workload which teachers would take on to implement the tests, and was not politically motivated by opposition to the national curriculum itself.

Mr Nigel de Gruchy, NASUWT general secretary, proclaimed the result as a "scorching victory". He predicted that an attempt to change the law would meet with "open rebellion" from teachers.

Mr Edward Lister, Wandsworth council leader, said: "All those concerned with education should now move forward to greater agreement. Everyone acknowledges that improvements to the curriculum and the tests can be made."

Mr Patten responded in a speech to the annual conference of the Secondary Heads' Association, by pointing out that governors and head teachers still have a statutory obligation to implement the tests.

Test plan fails to make the grade, Page 7

Retail sales rise points to end of recession

Fresh figures back Major's move to reassert authority

By Philip Stephens, Alison Smith and Emma Tucker

THE THIRD successive monthly rise in High Street spending last but not least, the end of Britain's longest post-war recession yesterday gave new impetus to Mr John Major's drive to reassert the government's authority.

The volume of retail sales rose by a seasonally adjusted 0.5 per cent between February and March and were running 4.1 per cent above the levels of the same period last year.

The figures, which follow news earlier in the week of another surprise fall in unemployment and a sharp rise in new-car sales, coincided with separate statistics pointing to a further revival in the housing market and in exports.

Official figures on Monday are expected to mark the end of the recession by reporting a clear increase in first-quarter gross domestic product.

In the second of a series of speeches designed to put the crisis of the past year behind him, the prime minister said the government would support "heart and soul" the efforts of industry and exporters to sustain the recovery.

Underlining his break with his predecessor's hands-off policy towards manufacturing during the 1980s, Mr Major said: "The government has a duty to work with industry to help industry meet the challenges... Everything we do must be supportive of you."

Addressing businessmen in Manchester, Mr Major said Britain was now set for two years of "solid growth". The government, he said, was determined to help industry to achieve the "competitiveness" needed to expand Britain's industrial base.

Anxiety in Whitehall that the

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- Sharp rise in shop sales
- Building societies see housing upturn... but agents disagree
- British recovery worries
- Delors... Page 2

present gentle recovery might develop into another consumer-led boom were reflected in repeated exhortations by the prime minister for business to increase its efforts in export markets. He agreed that "the trade gap is still too wide".

Privately, senior ministers were also cautioning against euphoria, suggesting that they wanted to see increased consumer confidence matched by comparable rises in output and investment.

Mr Major told the businessmen: "Winning back lost markets is the only long-term policy for British industry - for the whole economy. And manufacturing is the soldier in the front line of

Editorial comment, Page 6
Continued on Page 22

Britain oversaw EBRD's £55m building

By Robert Peston and David Marsh in London and Jimmy Burns in Paris

THE UK was the only government represented on the building committee which oversaw the spending of £55.5m on fitting the new headquarters of the European Bank for Reconstruction and Development.

However Mr Nicholas Bailey, the official at the Overseas Development Administration on the committee, was powerless to prevent spending on new marble, wood panelling and other "luxuries" because the government had provided a £40m building grant to the EBRD with no conditions attached, according to a UK official.

It also emerged yesterday that officials from the EBRD's shareholder governments, led by the Germans, are exploring the possibility of creating a new post of chief executive at the bank to back up Mr Jacques Attali, the bank's president.

The idea of appointing an EBRD chief executive has not yet been put forward by Mr Theo Wiegand, the German finance minister. The suggestion would be designed to improve the organisational structure of the bank following criticisms of insufficient budgetary control.

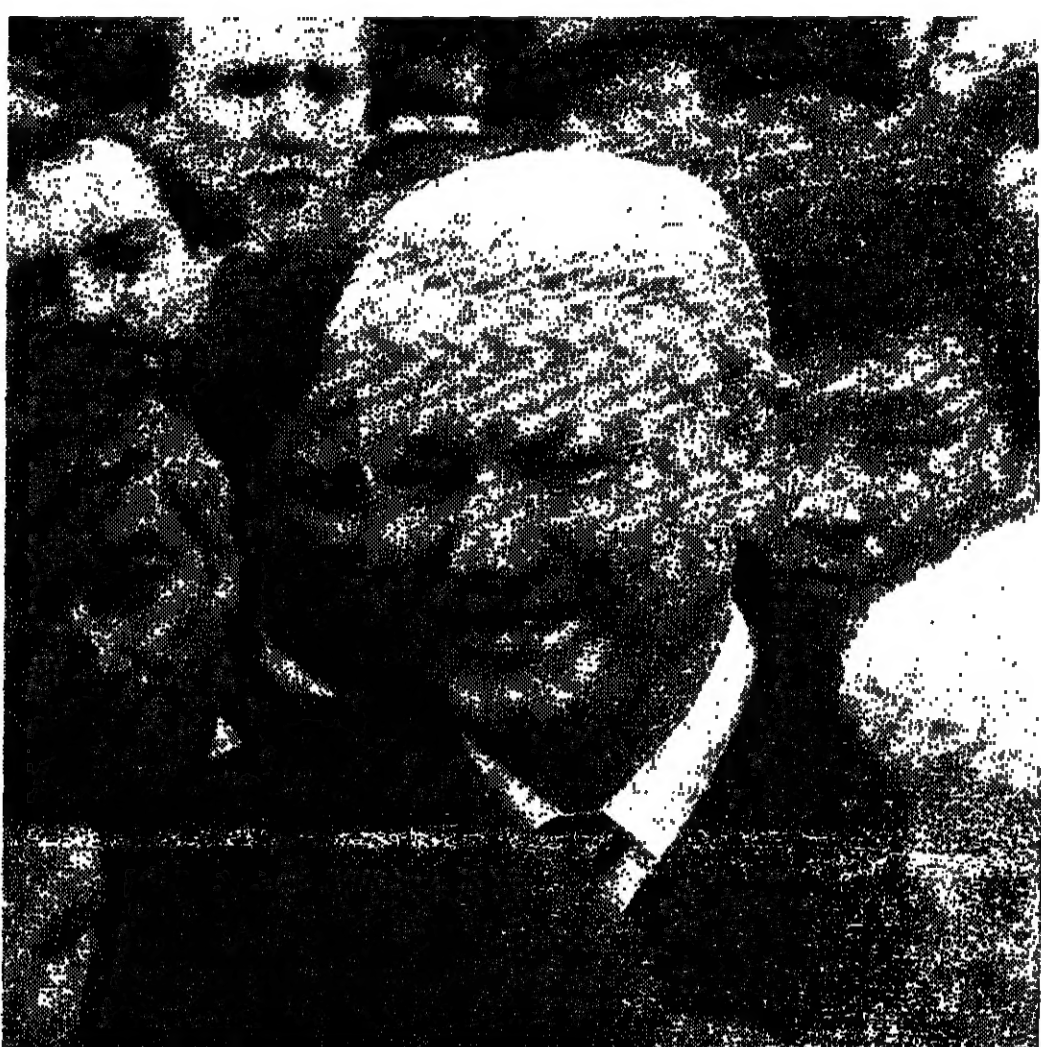
None of the other countries which own the bank were represented on the building committee, chaired by the bank's budget director, Mr Pierre Pissaloux. The UK was on the committee because of the £40m grant.

"After the EBRD's director approved the budget [at the end of 1991], there was nothing we could do [about how the money was spent]", said the official. "It was a nightmare".

An official said the UK's role in the building project would

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Civil servant powerless, Page 3
Man in the news, Page 6

Yeltsin's powers hinge on vote



Power at centre: Mr Yeltsin canvasses support for his constitutional reforms among farmers in Russia

RUSSIAN presidential power will dominate every other institution of the state if the country backs President Boris Yeltsin in tomorrow's referendum on the country's future, Mr Yeltsin promised yesterday.

A poll published by Ilevista showed that Mr Yeltsin was supported by 57 per cent of those who would vote on the first question - do you trust the president? Voters were equally divided over the second question, on support for Mr Yeltsin's economic programme. Voters will also be asked if they want early elections for president and parliament.

Mr Yeltsin hinted he would push through the new constitution against all opposition.

Full Report, Page 22; Shortfall in G7 aid to Russia, Page 2

Lonrho on brink of selling Observer to rival group

By Roland Rudd and Raymond Snoddy

LONRHO, the international conglomerate, is in negotiations to sell the Observer newspaper to the owner of daily The Independent and its Sunday tabloids.

Under the proposal being discussed, Lonrho would shoulder all the multi-million cost of closing the Observer. Founded in 1791, the Observer is the world's oldest Sunday newspaper.

A merger between the Independent and the Observer would create a strong left-of-centre paper better able to challenge the dominance of the Sunday Times.

The proposed deal envisages Lonrho taking a stake of between

15 to 20 per cent in Newspaper Publishing, the Independent's owner. Lonrho would also receive a sum of about £20m, deferred for up to 15 months, linked to the performance of The Independent and The Observer on Sunday.

Mr Donald Treflford, editor of the Observer since 1975, insisted last night there was "no agreement to sell the Observer". However, one of Lonrho's financial advisers confirmed that the group was in talks with Newspaper Publishing to sell the Observer title.

Although no formal decision has yet been taken by Lonrho to sell the paper, bids were invited and received from both Newspaper Publishing and The Guardian.

Because The Guardian is controlled by a charitable trust, it was unable to offer a stake to Lonrho.

Any sale will have to be approved by the Monopolies and Mergers Commission and the Guardian interest could complicate the issue.

Any sale to Newspaper Publishing which would involve the closure of the paper would be controversial given that the Guardian is keen to continue publishing.

Mr Dieter Bock, Lonrho's biggest shareholder with 18.8 per cent and joint chief executive with Mr Tiny Rowland, has made it clear that he wants to sell the

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Commission president sees threat to Emu plans if other states leave ERM

British recovery worries Delors

By Lionel Barber in Brussels

MR JACQUES DELORS, president of the European Commission, is becoming worried that the UK recovery based on a floating exchange rate could undermine the EC's plans for economic and monetary union, senior EC officials said yesterday.

Mr Delors has expressed private fears that other EC member states may be tempted to follow the British example of pursuing economic growth outside the constraints of the European exchange rate mechanism, the Brussels officials said.

In a speech at the Hanover trade fair last Tuesday, Mr Delors warned that

the credibility of the EC's monetary plans was "under attack". Admitting that the Maastricht treaty's plans for the EMU remained in doubt, he declared: "If Europe were hit by further competitive devaluations the Single Market would not survive."

The European Commission was stunned this week when UK unemployment fell for the second month running in March. The gathering UK recovery is all the more galling to Brussels, which blames recent currency instability inside the ERM partly on the delay in ratification of Maastricht in Denmark and the UK.

Mr John Major's pro-European speech in London on Thursday night has mollified some of the critics, but one Commission official expressed reservations

about the note of triumphalism in his claim that Britain was winning all the arguments in Europe, from promotion of the Single Market to common agricultural policy reform and enlargement.

This week, Mr Norman Lamont, Britain's chancellor of the exchequer, predicted that the UK would grow faster than its main European competitors this year and next.

EC officials believe that in the medium term, the UK will pay a price for its floating exchange rate in higher interest rates, higher inflation, and a substantial balance of payments deficit.

"It is not a sustainable policy in the medium term," said one official.

But with unemployment in the EC expected to rise to more than 17m this year and growth likely to be lower than 0.75 per cent, the officials acknowledge the UK boomlet may enjoy short-term appeal elsewhere in Europe.

Consequently, the Bundesbank's decision to lower its discount rate by a quarter point to 7.25 per cent and its emergency Lombard rate from 9 to 8.5 per cent was greeted with relief in Brussels, a sign that the German central bank is sensitive not only to the deepening recession but also to the economic squeeze on its neighbours, particularly France.

Central banks rush to defence of peseta

By James Blitz in London and Tom Burns in Madrid

SIX central banks intervened on the foreign exchange markets yesterday to buy the Spanish peseta after the currency plunged against the D-Mark inside the European exchange rate mechanism.

The Bank of Spain, together with the central banks of Denmark, France, Ireland, Germany and Belgium, joined in a concerted action to support the Spanish currency after it fell through its central rate against the D-Mark for the first time since devaluing last year.

However, neither two rounds of currency intervention nor a rise in the Bank of Spain's official interest rates, for the second day running, could prevent a sustained speculative attack on the currency, pushing it to a low of Ptas74.05 against the D-Mark.

The unsuccessful attempt to maintain the peseta above its central parity fuelled speculation that Spain might have to devalue it or to ask the EC monetary committee to sanc-

tion the temporary imposition of exchange controls.

The Bank of Spain was clearly attempting to avoid either option yesterday. A devaluation would cripple the credibility of the Socialist government, which is seeking a fourth term in elections scheduled for June 6. Spain's introduction of temporary capital controls last autumn also dealt a severe blow to foreign inflows of money.

The Bank of Spain kept its benchmark intervention rate unchanged at 13 per cent yesterday, turning Spain into an outsider amid the general cut in European interest rates that followed the Bundesbank's decision to ease its official rates on Thursday.

The bank also raised overnight rates close to 16 per cent, having raised them from 13.35 to 14 per cent on Thursday.

Yesterday's operations by Europe's central banks came at the end of a week which has seen the Bank of Spain consistently spending its reserves in support of the peseta. Dealers remain uncertain as to how

much the Spanish authorities have spent in recent days. There were rumours yesterday that reserves had fallen by more than 50 per cent, coming down as low as \$20bn (\$12.5bn), against a reserve volume quoted earlier this month of \$45bn.

Operators in the London foreign exchange market believed that a devaluation of the peseta would not have a knock-on effect on the ERM as a whole.

Mr Steve Hannah, a director of IBI International, said: "At this stage the market would not see a peseta devaluation as a reason for another attack on the ERM." He believes the falls in French and Danish money market rates in recent weeks are a sign of growing confidence in the hard core of the system.

Mr Neil MacKinnon, an economist at Citibank in London, believes a peseta devaluation would intensify pressure on the Portuguese escudo and the Danish krona. "But the core group in the ERM should hold together," he said.

Bank of France shaves its interest rates

By David Buchan in Paris

THE Bank of France yesterday shaved 0.25 of a percentage point off both its official interest rates, bringing its intervention rate down to 8.50 per cent and its 5-10 day "repurchase" lending rate down to 9.50 per cent. Virtually all the country's big commercial banks

responded swiftly by cutting their base rates from 9.75 per cent to 9.50.

Earlier, Mr Edouard Balladur, the prime minister, discussed with employers and union leaders the tough fiscal measures he plans next month.

But the day-long talks were inconclusive, with the prime minister seeking and getting

no more than the acquiescence of the two sides of French industry that serious measures

were needed to save the country's social security and pension schemes from bankruptcy.

The French central bank acknowledged yesterday that it had taken part in the general move to support the beleaguered Spanish currency by

buying an undisclosed quantity of pesetas against francs.

Despite such intervention and yesterday's interest rate cuts, the franc held steady.

Meanwhile, farmers in south west France and fishermen in Brittany yesterday said they would resume their protests this weekend, or next, against sliding prices of fruit and vegetable

and cheap fish imports.

● Hugh Carnegie in Stockholm adds: The Riksbank, Sweden's central bank, lowered its marginal rate by 0.25 of a percentage point from 9.75 to 9.5 per cent.

Norges Bank, Norway's central bank, also cut its key overnight lending rate 0.25 of a point, from 8.25 to 8.0 per cent.

US should not intervene alone in Bosnia, says Clinton

By George Graham in Washington, Lionel Barber in Brussels and Laura Silber in Belgrade

PRESIDENT Bill Clinton said yesterday the US should not intervene in Bosnia without the support of its allies, despite the mounting pressure on the administration to take some kind of military action against the Bosnian Serbs.

Mr Clinton, who told a news conference he expected the administration's review of US policy on Bosnia to be completed within the next few days, said: "I do not think we should act alone, unilaterally, nor do I think we will have to."

"The president repeated that he had not ruled out any option for action, except the direct intervention in Bosnia by US ground troops and that he had high hopes of reaching agreement on joint action with Britain, France and other European allies."

The debate in the US administration over the right course of action in Bosnia broke into the open yesterday, with the US ambassador to the United Nations urging Mr Clinton to order air strikes against the Bosnian Serbs to help the hard-pressed Moslem population.

The ambassador, Mrs Madeleine Albright, is understood to have argued that the US cannot turn its back on its international responsibilities and should be prepared to act alone if it cannot persuade its European allies to join it.

The New York Times also reported that 12 mid-level State Department officials handling the Balkan region had implored Secretary of State Warren Christopher to end "western capitulation to Serbian aggression" and use military force in Bosnia.

Mr Christopher has been reluctant to embrace military options and warned a congressional committee this week that air strikes might halt the UN relief operations in Bosnia. This argument against military action has also been deployed by Britain and France, both of

which have troops under the UN flag in Bosnia.

A similar debate also divides the Pentagon, where Defence Secretary Les Aspin appears open to the idea that air strikes might deter aggression, while General Colin Powell, chairman of the Joint Chiefs of Staff, remains sceptical.

At the White House, Mr Anthony Lake, Mr Clinton's chief national security adviser, is understood to be among those arguing for air strikes.

European Community foreign ministers will discuss the full range of military and diplomatic options to end the fighting in Bosnia at Hvidovre Castle, near Copenhagen, today.

EC members remain as divided as the US administration with the majority leaning towards a tightening of new sanctions against Serbia and Montenegro.

A spokesman for the Danish presidency said it was possible that the foreign ministers might issue a joint statement on the west's response to the Bosnian crisis tomorrow.

President Franjo Tudjman of Croatia said yesterday that he had urged Mr Clinton to call a summit of all the leaders of the warring factions in the former Yugoslavia to resolve the Balkan conflict.

"All attempts at solving the issue through international conferences have led nowhere," Mr Tudjman said after returning from a visit to the US. "President Clinton said my proposal deserved consideration."

Meanwhile, the self-styled Bosnian Serb parliament met behind closed doors in Bosanski Novi, near the border with Croatia, yesterday, to decide once again whether it would accept a peace plan brokered by the UN and European Community mediators. Mr Cyrus Vance and Lord Owen.

The Security Council has warned the Bosnian Serbs that, if they do not accept the plan by April 28, the draconian additional sanctions against Serbia and Montenegro, which the council approved last week,



At a friend's funeral in Sarajevo, Mehmed Balic weeps over a bag containing the bullet-riddled clothes of his brother, shot by Serb snipers hours before

will be implemented without further delay. The Bosnian Croats and Moslems have already signed the plan, which would divide Bosnia-Herzegovina into 10 semi-autonomous provinces.

However, the parliament was not expected to make its final decision until after a meeting between its leader, Mr Radovan Karadzic, and Lord Owen in Belgrade last Tuesday. "We are trying hard to

find solutions acceptable for the Serbs after some modifications, some changes to the plan," Mr Karadzic told reporters in Bosanski Novi.

As the parliament met, a six-member UN Security Council mission headed for Bosnia to make a first-hand appraisal of the war, amid calls from non-aligned members of the 15-member Security Council for stronger action against the Bosnian Serbs.

EC edges closer to tax on energy

By David Gardner in Luxembourg

THE likelihood of an EC-wide tax on energy to combat global warming edged closer last night as an even split between the Community turned into an 11-1 majority in favour of the principle of a carbon tax - still resisted by the UK.

The six member states, led by Germany and the Netherlands, which have virtually signed up already to the European Commission's proposal for an energy tax, garnered support yesterday from the four poorest EC states and from France, leaving Britain potentially isolated.

Environment and energy

ministers of the 12 were last night still striving for a compromise which the UK could sign up to, but fair distribution of the energy tax burden has been agreed in principle.

The Commission's tax plan would raise the price of a barrel of oil equivalent by \$10 by the end of the century, with half of the levy falling on all

non-renewable fuel and half on its carbon content.

At yesterday's special ministerial meeting, a "burden-sharing" formula was agreed whereby the tax would be modulated to "take into account different levels of economic development and different levels of carbon dioxide emissions of individual member states".

Support likely to be less than the \$43bn pledged, IIF calculates

Shortfall in G7 aid for Russia

By Peter Norman, Economics Editor

OFFICIAL financial support for Russia this year from the Group of Seven countries is likely to fall short of the \$43.4bn (\$28.1bn) pledged at the recent G7 meeting in Tokyo, according to the Institute of International Finance.

The IIF, a Washington-based economic research body founded by leading international banks, believes that only \$32bn of official western support will be provided this year, largely because it expects international Monetary Fund disbursements will reach only \$4bn compared with the \$13.1bn IMF total agreed in Tokyo.

Mr Anthony Bottrill, IIF deputy managing director, said in London yesterday that half the planned IMF standby facility of \$4bn might be disbursed this year together with half the new \$3bn "systemic transition facility" that was agreed in Tokyo. The IIF does not expect Russia will qualify for the \$6bn stabilisation fund first promised by the G7 last year and included in the Tokyo package.

The IIF has calculated that western official support for Russia last year totalled \$17.55bn, compared with a promised \$24bn. While the \$1bn of finance supplied by the IMF was \$9bn less than projected, largely because of the non-activation of the stabilisation fund, official debt rescheduling

was higher than expected and made up most of the shortfall.

However, Mr Bottrill said capital flight from Russia undid the good provided by western finance last year: it amounted to an estimated \$8bn in 1992, with funds leaving Russia at a rate of \$1bn a month from the end of the first quarter onwards.

As much as \$1.5bn of flight capital may have flowed into Russia in the first quarter of 1993, when tight fiscal and monetary policies were in place. IIF economists believe capital flows will only resume after Russia has significant raised interest rates and oil prices.

Russians reject vote-rigging claim

By Gillian Tett in Moscow

THE organisers of tomorrow's federation-wide Russian referendum yesterday hit back at allegations that the ballot was likely to be rigged.

Speaking at the referendum headquarters in Moscow, Mr Vasily Kazakov, the beleaguered chairman of the referendum committee, insisted that the organising team was politically neutral and that they would try to ensure that voting was carried out according to "legal means".

But with both the supporters and opponents of Russian president Boris Yeltsin accusing the other of skulduggery, his words did little to diffuse the controversy that now surrounds tomorrow's vote.

Earlier this week the Russian parliament accused Mr Yeltsin of attempting to fix the result by issuing sackfuls of fixed ballot papers to polling stations.

Mr Yeltsin's supporters, for their part, yesterday claimed that pro-Yeltsin groups were being intimidated in the many rural regions which are hostile to Mr Yeltsin.

Speaking in Moscow, representatives from the pro-Russian "Democratic Russia" movement said they would set up a legal "first aid" telephone service to report cases of fraud.

"There is a great likelihood of falsification," said Mr Dmitri Katayev of Democratic Russia, who claimed that although

Moscow had now enlisted 7,000 observers, many rural regions were still critically short of observers to oversee the vote.

With more than 100m voters registered and 96,766 polling stations, the monumental logistics of the vote meant that guarding against fraud, irrespective of political interference, will be, at best, an uncertain task.

Since the voting centres lack computers, the ballot papers will be counted by hand, before the results are sent by telegram to Moscow. The papers could theoretically total up to 400m - each of the four referendum questions is printed on a separate sheet - although many eligible voters will not take part. Mr Kazakov yesterday

admitted that many of the polling stations, which are scattered across nine time zones, still lacked sufficient voting papers or official placards.

Although the organising committee had hoped to ease the counting process by printing the papers in different colours, the plan was dropped when they discovered there was not enough ink in the country to do this.

Several dozen international observers have arrived in the country, at the invitation of local political parties. But with their status still in some dispute, particularly in the regions hostile to Mr Yeltsin, their role in the election process remains unclear.

Second city sinks into apathy

St Petersburg is uninspired by the ballot, Andrew Gowers writes

THEY were there again last night, as they are every Friday evening outside St Petersburg's pillared city hall: 300 or so mainly elderly men and women, voluble with anger.

A similar or larger crowd has assembled in the centre of Russia's second city every week for three months to protest about an affair that has been a central talking point locally in the run-up to Russia's national referendum tomorrow: the disappearance of millions of rubles of pensioners' assets in an investment scam.

Up to 450,000 of St Petersburg's 5m people are believed to have been hit by the scandal, involving the misappropriation of share vouchers by two self-styled investment firms whose directors have absconded.

The affair has not enhanced the reputation of President Boris Yeltsin's economic reforms, or of the city's mayor and one-time prominent Yeltsin supporter, Mr Anatoly Sobchak. On the contrary: St Petersburg - Imperial Russian capital, cradle of the October Revolution and traditional home of Russia's intelligentsia

- is not the solid bastion of support for the president it was during the failed communist "putsch" of August 1991.

Today, a mood of sullen apathy has descended on the city's moth-eaten elegance, enlivened only by shrill cries from the president's multifarious critics.

On one of the main roads Democracy Wall - once plastered with posters proclaiming support for reform - has been taken over by fly-sheets urging a *no* vote tomorrow. In front of it throngs a crowd anxious to explain why.

"I'm not a communist but I'm against him," says Tamara Afanasieva, 49, a philosopher who now works as a travel agent. "Yeltsin is a communist, a party hack, and is only in power now because he carried a party card for 30 years. These people are stealing from our rich country and selling it off. They're building capitalism on the backs of people."

Over at the local headquarters of the Russian Communist Workers' party comes opposition of a more predictable kind. "There's absolutely no point in this referendum," says Mr Yuri Tereniyev, party secretary, sitting beneath a broadened banner portraying Lenin.

"No matter what the results are Yeltsin will use them for his purposes," Mr Tereniyev observes.

In the face of these assorted barterages, St Petersburg's lively community of artists and intellectuals, who overwhelmingly support Mr Yeltsin, has something of a beleaguered air.

At the Jazz Philharmonic Hall, Mr David Goloschokin, artistic director and one of Russia's best known jazz musicians, says the vote is the "last chance" for Russians to save the democratic changes Mr Yeltsin has introduced. "Prospects of a future controlled by the Congress of People's Deputies is even more depressing than the communist past," says Mr Goloschokin, who had to play his music underground for 25 years before perestroika.

All this does not mean Mr Yeltsin will be defeated in St Petersburg; not even his fiercest critics predict that. More likely is a very low turnout.

Perhaps the best pointer to the prevailing mood is the behaviour of the increasingly unpopular Mayor Sobchak. He has complicated matters by adding a fifth question to tomorrow's ballot asking whether St Petersburg should seek the status of an autonomous republic - an attempt to give himself a freer hand in

THE FINANCIAL TIMES
Published by The Financial Times
(Europe) GmbH, Nibelungenplatz 3,
6000 Frankfurt am Main 1, Germany.
Telephone: 49 69 136 320. Fax: 49 69
596481. Telex: 416193. Represented by:
Edward Hugo, Managing Director.
Printer: DVM Druck-Vertrieb und Marketing
GmbH, Admiral-Rosendahl-Strasse 3a,
6078 Neu-Isenburg 4 (owned by Fininvest International).
Responsible Editor: Richard Lambert.
The Financial Times Limited, London
SE1 9HL, UK. Shareholders of the
Financial Times (Europe) GmbH are:
The Financial Times (Europe) Ltd, London
and F.T. (Germany) Advertising Ltd,
London. Shareholders of the above
mentioned two companies are: The
Financial Times Limited, 100, Old Broad
Street, London EC2M 1JG, UK. The Company
is incorporated under the laws of England
and Wales. Chairman: D.C.M. Bell.
FRANCE
Publishing Director: J. Rotley, 168 Rue
de Rivoli, F-75004 Paris Cedex 01. Tele-
phone: (01) 4297-0621. Fax: (01)
4297-0625. Printer: S.A. Nord Edit.
6321 Rue de Caen, F-93100 Roubaix.
Cedex 10. Editor: Richard Lambert.
ISSN: ISSN 1148-2753. Commission
Paritaire No 6780SD.
DENMARK
Financial Times (Scandinavia) Ltd,
Vimmelskafted 42A, DK-1167 Copenhagen K.
Telephone: 33 13 44 41. Fax: 33
93 53 35.

Former Bank of Italy chief dies

By Robert Graham in Rome

WITH the death of Mr Guido Carli yesterday at his Spoleto home at the age of 79, Italy has lost one of the few great post-war servants of state.

In a distinguished career spanning almost 50 years in both the public and private sector, he will be best remembered for his long term as governor of the Bank of Italy from 1960-75. This was a key period during which Italy became one of the world's seven leading industrialised economies.

Yesterday the Italian establishment united in paying tribute to Mr Carli, highlighting his integrity and his contribution to Italy's postwar economic development. Trained as a lawyer and gaining the Military Cross during the second world war, he joined the Bank of Italy in 1946. He took part in the Bretton Woods negotiations setting up the International Monetary Fund and

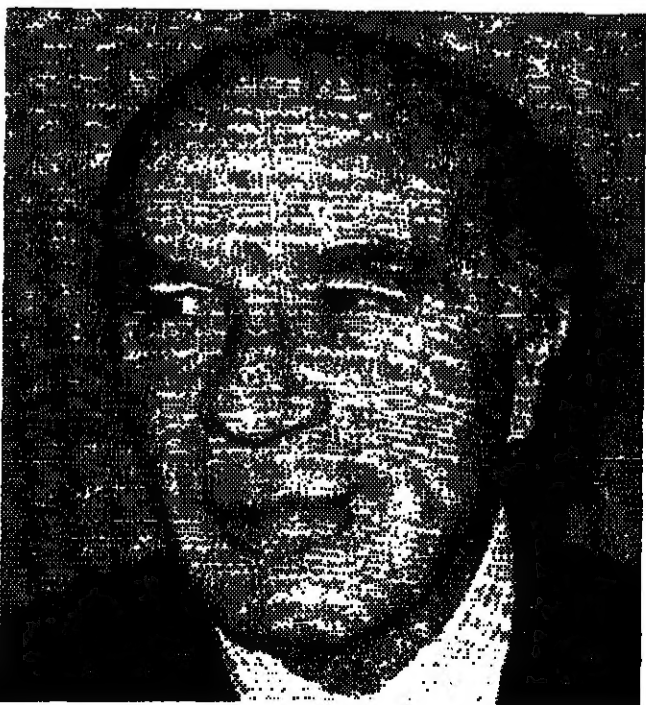
World Bank, and was subsequently the first Italian executive director of the IMF.

After leaving the governorship of the Bank of Italy, Mr Carli took on the presidency of Confindustria, the industrialists' association, for four years at a time of confrontation between management and unions.

In 1983 he became a Christian Democrat senator, and in 1989 treasury minister. Here he was instrumental in boosting the treasury team, pressing for Italy's inclusion in the European Monetary System and a start to privatisation.

Although he gave considerable international credibility to the Andreotti government's economic policies, he never hid his disappointment that so little was done either to privatise or to reduce Italy's mountain of debt.

Carli (right): career spanned almost 50 years



هكزامن الاصيل

UK civil servant powerless to halt EBRD spree

ODA man supervising building was unable to prevent lavish spending on bank's London headquarters

By Robert Peston, Banking Editor

A BRITISH civil servant "lived a nightmare" last year as he watched the lavish spending on the European Bank for Reconstruction and Development's London headquarters, an official close to the scandal said last night.

But Mr Nicholas Bailey, a member of the bank's building sub-committee, was unable to halt the spending of millions of pounds on replacing marble in its new head office, redesigning the interiors of its lifts and installing curved wooden doors.

The official said Mr Bailey had no power to prevent the lavish spending, because the bank's board had approved the building budget and the UK government's grant of £40m for the EBRD's buildings was given to the bank without any conditions attached.

But, because the grant had been given, Mr Bailey, an official at the Overseas Development Administration, was made a member of the EBRD's building committee, which was set up to supervise work on the £55.5m fitting out of its new headquarters at Exchange Square in the City of London. No public official from any of the other 55 countries or agencies which own the bank was on the committee.

The committee was chaired by Mr Pierre Pissaloux, the EBRD's director of the budget and director of the cabinet of Mr Jacques Attali, the bank's president.

At the end of 1991, the British government was involved in fixing the original budget for the building of £53m. The EBRD set this budget having employed the chartered surveyors, Gardiner and Theobald, as cost consultants.

The ODA scrutinised the

THE World Bank has completed negotiations with Russia on a \$1bn (£600m) project to boost output from the Siberian oilfields, writes George Graham in Washington.

The deal, still to be approved by the World Bank's board of directors, would support Russian government efforts to revitalise the oil industry and

fund a programme of well upgrades designed to increase production by 33,000 tons a day.

This would raise Russia's national output by 3 per cent or \$1.5bn a year, the World Bank said.

The World Bank is to provide more than \$500m for the project, which will be co-financed by the European

Bank for Reconstruction and Development.

Additional funding is expected from national export credit agencies.

The energy sector has been a focus for development projects in Russia because of the potential for rapidly boosting export earnings by improving the efficiency of the country's oil fields.

budget in conjunction with a retired architect, Mr Alec Reilly, with whom it had worked before.

It did not believe the original specification for the building was too luxurious. An official said the original plan was "high quality, somewhere between normal UK government standards and the more luxurious offices normally occupied by international financial institutions".

Chartered surveyors however say that the budget was generous compared to the fitting out costs of many UK

buildings. The cost is equivalent to more than £70,000 for every one of the EBRD's 750 employees, which is a far higher cost per person than for most City offices.

But the budget had to be approved by the board's directors, which represent the countries and international agencies which own the bank.

The information directors received on the capital budget was "sketchy", said a director, who regrets that he and his colleagues were not more forceful in asking for more information.

"In some respects, we could have done our job better," he said.

Information on the building costs is contained in the EBRD's 1992 70-page budget document. However, the budget for fitting out the building is discussed in just one paragraph: "An allocation of £53m has been made in the budget based on the preliminary view of the quantity surveyor requested to estimate the cost of the fitting out works, including all the professional fees."

Directors say they received no other documentary information on the building costs of any substance. However at board meetings on 16 and 17 December 1991, they approved the budget.

The British government says it insisted that contracts for the building work be awarded on the basis of normal procedures followed by publicly-owned institutions of competitive tendering. These are the procurement procedures which the EBRD insists that its customers in the public sector of Eastern Europe and the former Soviet Union also follow on infrastructure projects. However, in the appointment of

French firm Berthet & Pochy as leading architects, these procedures were not followed.

Berthet & Pochy had started to draw up plans for the building design before they were awarded the contract, according to a UK government official.

The EBRD wanted Berthet to be appointed the official said. "Architects are often the choice of the client," he said.

The UK government "looked at the firm's credentials," according to the official, and was convinced it could "do the job". The official said that the government "knew of Berthet's association with Attali". Three years ago Mr Attali wrote the preface to a book on the work of Berthet & Pochy.

Because Berthet had already done design work and a public competition would take at least two months, the government agreed that Berthet could be appointed as the leading

designer on the project. When building began, the EBRD discovered that the costs of certain materials were lower than it had anticipated in the budget. The savings were around £5m.

But rather than save the money, the building sub-committee decided to make the fittings and furnishings more luxurious. The UK government is understood to have been alarmed when it learned of the "excesses", according to an official, but felt it could not intervene, since the board had approved the budget.

In the event, the spending got so out of hand, that around the beginning of this year the EBRD had to ask its directors to increase the building budget to £55.5m. The British government sent a letter warning that spending must now be more tightly controlled. But in the words of the official, the horse had already bolted.

US slowdown in orders fuels Wall St fears

By Michael Prowse in Washington

THE US Commerce Department yesterday reported a 3.7 per cent decline in new orders for durable goods between February and March, fuelling anxiety on Wall Street that the pace of US economic recovery is slowing.

The figures unsettled investors because they follow a string of weaker than expected statistics, including sharp declines in retail sales and housing starts last month and flat industrial production. By mid-morning, the Dow Jones Industrial Average was down 23 points at 3406.21.

The decline in orders was the largest in 15 months and broadly based - affecting transport, primary metals, industrial machinery and electrical equipment.

However, the series is notoriously volatile. Orders rose 2.5 per cent in February and by 3.5 per cent in the first quarter as a whole relative to the fourth quarter of last year, which saw a robust expansion of orders. Many forecasters have shaved their projections for the

first quarter to show growth at an annual rate of about 2.5 per cent, sharply lower than the 4.7 per cent annual rate registered in the fourth quarter of last year.

A pick up towards 3 per cent, however, is widely expected later in the year.

"The figures are consistent with a recent pattern of slower industrial growth that reflects more than bad weather," said Mr Edward McKelvey, a senior economist at Goldman Sachs. The group projects growth of just over 2.0 per cent in the first quarter.

Mr David Rasler, chief economist at Nomura Securities in New York, said he had cut his growth forecast sharply partly because of the adverse impact on the economy of the more rapid decline in defence procurement ordered by the Clinton administration to make room for higher civilian spending.

The slow pace of job creation has also contributed to weaker consumer confidence than envisaged at the end of last year when spirits were temporarily lifted by President Clinton's election victory.



A Tokyo man is dragged away from a demonstration protesting against Emperor Akihito's visit to Okinawa. The emperor is seeking to atone for the suffering by islanders during World War Two. More than 200,000 died during three months of battles in 1945

Bank of Japan criticises Clinton

By Charles Leadbeater in Tokyo

THE Bank of Japan yesterday joined the rising chorus of Japanese criticism of President Clinton's remarks a week ago which have fuelled the rapid appreciation of the yen over the past few days.

A senior bank official said it was highly inappropriate that the foreign exchange market should be moved by improper comments which were not well

thought out.

The official accused the US administration of toying with exchange rates amid confusion in their ranks about the mix of policies needed to reduce the US trade deficit with Japan.

President Clinton suggested a stronger yen was one of several factors working to reduce Japan's trade surplus.

"There are some dangerous signs that there is too much toying around with exchange rates," the official said. If the

purpose is to reduce the international trade imbalance then the policy should be applied more consistently and not undermine the efforts we are making to revive the economy."

He warned that the yen's rise risked stifling the incipient recovery in the Japanese economy.

Japanese politicians and officials are torn in their responses to the currency's rise. A string of leading politi-

cians has attacked President Clinton's remarks over the past few days. Mr Yoshiro Mori, the trade minister yesterday said he felt "extremely angry" at the way the US administration had talked up the yen.

However, Mr Miyazawa and other senior officials have attempted to mute the criticism for fear of further straining economic relations with the US which threaten to become increasingly fraught.

US 'will set' Japan market targets

By Michio Nakamoto in Tokyo

THE US is determined to set targets on opening up Japanese markets to American goods, Mr Ron Brown, US Secretary of Commerce, said in Tokyo yesterday.

"We are very serious about a results-oriented approach and measurable results and monitoring these results," he said.

"The unfortunate fact of the matter is that despite the best efforts of our two governments, the Japanese market is still not truly open to American products."

Mr Brown spoke against a background of US frustration

at a bilateral trade deficit in 1992 of nearly \$50bn.

He is in Tokyo for an international conference on assistance to Russia. But he arrived two days in advance for meetings with Mr Kichiro Miyazawa, the prime minister, Mr Kabun Muto, the foreign minister and Mr Yoshio Mori, trade and industry minister, which will highlight the tough stance the Clinton administration is adopting in its trade talks with Japan.

The Japanese side, so far, has maintained that any attempts to impose quantitative targets will be vigorously resisted.

Officials at the Ministry of International Trade and Industry have also tried to play down the implications of the tough rhetoric from the US by emphasising that there has been no formal proposal from the US on targets for specific sectors.

While Japan insists that the shape of a new framework for bilateral trade talks has yet to be determined, the US has no doubts about what it is looking for in the new agreement.

Mr Brown said that two new bilateral agreements will be drawn up to address both structural and sectoral issues. The US and Japan will work

to remove barriers to market access in specific sectors which the US considers strategically crucial. Success will be measured by sales, he said.

He also cited the US-Japan semiconductor arrangement, which refers to a 20 per cent market share for imports, as one example of a successful results-oriented approach.

Despite Japanese insistence that it will not agree to quantifiable targets, Mr Brown was confident the two sides could reach agreement.

Reducing the trade imbalance was in the best interests of Japan too, he said.

Chinese work deaths at 15,000

By Tony Walker in Beijing

MORE than 15,000 Chinese were killed in industrial accidents last year, reflecting extremely lax safety standards that prevail throughout the country.

Official figures, released for the first time yesterday, confirm fears held by such institutions as the International Labor Organisation.

Chinese officials blamed the high casualty rate - the figures showed a 3 per cent increase on the year before - on "negligence at some enterprises which tried to gain higher output at the expense of worker's safety."

Mr Sun Lianjie, director of the Ministry of Labour's safety bureau, said China's economic boom - growth in the first three quarters exceeded 14 per cent - and the commissioning of many new enterprises had intensified problems.

"Some workers have never received proper training in labour safety and know little about safety procedures or self-protection," he said.

Mr Sun called for tougher laws and regulations to "check the increasing trend of fatal industrial accidents." Among industrial fatalities were 9,663 miners. This was a decrease of 1.4 per cent on the year before.

At the end of 1992, 148m workers were employed in industry across the country. Annual average wages reached \$476, up 6.7 per cent on the year before.

Road tolls were also published recently. Officially, about 60,000 people died on China's roads last year, but the road safety authorities believe the toll was probably much higher.

AP adds from Beijing: Chinese police have arrested 1,580 people on suspicion of robbing tombs and smuggling the antiques found inside, an official newspaper said yesterday. The China Daily said more than 3,100 artifacts have been recovered.

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Tuberculosis 'a global emergency'

By Clive Cookson, Science Editor

THE World Health Organisation yesterday declared tuberculosis a "global emergency". Unless immediate action is taken to curb its spread, the resurgent TB bacillus will kill 30m to 40m people over the next decade.

"Tuberculosis is humanity's greatest killer and it is out of control in many parts of the world," said Dr Arati Kochi, manager of the WHO TB programme. "The disease - preventable and treatable - has been grossly neglected and no country is immune to it."

The declaration came at the end of a WHO meeting in London, at which emergency measures to combat the disease were discussed.

WHO aims to spend \$20m over the next two years, helping developing countries to establish effective national TB programmes. After that, it says, \$60m a year must be provided by aid agencies and development banks to buy medicines and diagnostic equipment and maintain a modest infrastructure.

Developing countries account for 95 per cent of TB cases and 97 per cent of deaths. But TB, the forgotten terror of the 19th century, is beginning to return even in Europe and North America; the number of cases in the industrialised world has increased by about 20 per cent since its all-time low in the mid 1980s.

The WHO says the reasons for the disease's resurgence include neglect by health authorities and researchers, increasing travel and migration, emergence of drug resistance and - most importantly - the deadly synergy between TB bacteria and HIV, the virus that causes Aids.

HIV activates tuberculosis in people whose infection was previously inactive and, conversely, TB accelerates the development of Aids in those who are HIV-positive.

NEWS IN BRIEF

Austrian economy heads for year of stagnation

AUSTRIA is likely to suffer a short period of economic stagnation this year, with growth resuming at a modest 1 to 2 per cent next year, according to an annual country study by the Paris-based Organisation for Economic Co-operation and Development (OECD). Ian Rodger reports from Zurich.

The OECD sees unemployment, at 5 per cent, continuing to rise. Inflation, at 4 per cent, should soon fall because of the sensitivity of Austrian trade unions to the risk to employment.

The study says Austria has "reaped the full benefits from building credibility" by pegging the schilling to the D-Mark. The short-term interest rate differential with Germany has disappeared and the country was unaffected by last autumn's currency turmoil.

High public-sector deficits and protectionist policies come in for stiff criticism. The study acknowledges that in the current recession it will be difficult to make progress on reducing deficits but urges the government to do better during the next period of growth than it did during the last one.

New Zealand exports at record

New Zealand exports increased by 9.3 per cent to NZ\$18.67bn (\$8.5bn) in the 12 months to March 31, a record, the Statistics Department reported yesterday. Terry Hall reports from Wellington.

The figures are the latest to point to a strong improvement in the New Zealand economy, which economists say is due to a more competitive domestic market and a sharp fall in the exchange rate over the past year. New Zealand showed a trade surplus of NZ\$1.69bn in the 12 months to March 31, NZ\$354m lower than the previous year.

Demirel set to become president

Mr Suleyman Demirel, Turkey's prime minister yesterday received the endorsement of his True Path party DYP, the largest party in parliament, to succeed the late Turgut Ozal as president. John Murray Brown reports from Ankara.

With the backing of the DYP parliamentary group, Mr Demirel is widely expected to be elected in the first ballot of deputies on May 8.

Prominent Sri Lankan killed

A prominent Sri Lankan opposition leader was shot and killed by a lone gunman at a campaign rally near Colombo yesterday, police said. Reuter reports from Colombo.

Mr Lalith Athulathmudali, leader of the Democratic United National Front and a former minister, was rushed to hospital, where he died, clutching his stomach after being hit by gunfire at the rally at Kirtlapone near Colombo. The unidentified gunman escaped.

Eritreans vote for independence

Jubilant Eritreans flocked to vote yesterday in a referendum certain to deliver independence from Ethiopia - the fruit of victory in Africa's longest civil war. Reuter reports from Asmara.

Hundreds of people queued patiently at polling stations for the chance to secure the prize of 30 years' bitter fighting. Eritrea, a former Italian colony federated with Ethiopia by the United Nations in 1992, has effectively been governed as a separate state since May 1991 when Ethiopia's Marxist dictator Mengistu Haile Mariam was overthrown.

Tobacco protest in Zimbabwe

Hundreds of tobacco farmers are withdrawing their crop from Zimbabwe's auction floors in protest against the low prices on offer. Reuter reports from Harare.

At least 30,000 bales of tobacco were pulled out of the market on Thursday and yesterday by angry farmers who said they would return later in the year if the prices improved.

Since the 1983 auctions opened two weeks ago, a kilo of Zimbabwe's fine-cured "gold leaf" has been fetching an average of \$1.11 - just over half last year's average price.

Yemen opposition hopes to banish rule by the gun

The poll may be dubious, but at least it's happening. Mark Nicholson and Eric Watkins report

SO heavy are the odds against Yemen's opposition parties, according to Mr Abdul Rahman al-Jifri, outspoken president of the Sons of Yemen party, that one wonders why he is bothering to lead his party into the country's first multi-party elections at all.

Plucking from sprigs of gnat leaves, the mild-mannered munched universally by Yemen's chattering classes, Mr al-Jifri heaps accusations of electoral trickery against the ruling coalition of the General People's Congress and the Yemen Socialist party, respectively the former ruling parties of North and South Yemen.

His own group, which he describes as liberal Muslim, is fielding 90 candidates in Tuesday's polls. It is among the biggest of the 40 or so parties elected parliament since unification in 1990. But Mr al-Jifri holds out scant

hope for their collective chances in the face of some characteristically robust Yemeni politicking.

To cook the results, Mr al-Jifri alleges, the ruling parties are filling in soldiers' ballot papers in advance. He says they are trying to contrive a strike at the state television centre to deprive other parties of publicity. But mostly, he says, they are buying votes with money, offers of jobs and, in some cases, Kalashnikov rifles, a prize Yemeni status symbol and worth up to \$800 each.

The list is barely finished before an aide enters Mr al-Jifri's long, elegantly carpeted qat salon, replete with two giant water pipes and seating for about 40, to hand him a slip of paper, which he reads.

"Apparently someone in a government car has been seen tearing down our posters," he says. "A full colonel dressed in uniform. A black land-

cruiser, plate number 4272. A government car. Amazing."

But Mr al-Jifri, a veteran of violent campaigns against the British and the communists in former South Yemen, looks most unmazed.

Just two weeks ago his son was interrupted on an evening bath by a loud bang and a shower of gypsum. Someone had tossed a hand grenade at Mr al-Jifri's villa.

As he sees it, the party's work, as with other smaller parties, is to establish the primacy of the ballot box as a means to political power in a country where for decades guns, armies and tribal might, corruption and subtle intrigue have held sway.

"We want to get one thing out of this," Mr al-Jifri says. "That the process is started."

The sentiment is echoed by Mr Mohammed Abdul Malek al-Mutawakil, a softly-spoken university professor running as an independent. "I'm not standing in this election to win," he says. "For me what's important is that we have to establish the tradition."

But while international observers in Yemen say they are happy that the government has set up a voting procedure which should minimise fraud - complete with watermarked ballot papers and indelible ink to mark voters' fingers - opposition candidates say this misses the point. And they allege connivances between the ruling parties to stage manage the result from the outset.

Constituencies were drawn up to favour ruling party candidates, they say. "Independent" candidates, 1,200 of whom pulled out this week, were allegedly placed in all 301 electoral districts to wrong-foot the opposition. Most important, they say, in a land of

80 per cent illiteracy, the state has severely limited vital media slots to just two 15-minute broadcasts per party.

Senior government figures have so far proved reluctant to discuss such charges with foreign journalists, present in unaccustomed numbers to witness what Yemen touts as the first free multi-party elections in the Arabian peninsula.

But, whatever the truth to opposition allegations, they are at least more free to air them than most politicians in neighbouring states. Yemen's more than 100 newspapers are probably the Gulf's freest.

"In terms of freedom of expression we've achieved a lot," says Mr al-Mutawakil. "But in terms of administration and good government we're falling behind. We hope this election can make at least a start."

NEWS: UK

Timex 'ready to settle' dispute at Dundee

By Robert Taylor,
Labour Correspondent

TIMEX, the American multinational company, is ready to settle the increasingly bitter strike at its Dundee plant if the workers and their union - the ABEU - are willing to negotiate a Japanese-style agreement with an end to demarcation lines and the introduction of total quality management, multi-skilling and team working.

Timex is now ready to talk to the union but will insist that it must guarantee - and not just promise - a change in attitude at the plant that

will enable the company to reach profitability. The company will not accept any return to business as usual.

In his first interview since the strike began, Mr John Dryfe, Timex's US vice-president, said from the company's Connecticut headquarters: "All we want from the employees and the unions is an acceptance of the same greenfield site conditions and attitudes at the Dundee plant that they are happy to negotiate with any new foreign company which decides to invest in Britain."

"We want to turn our operations

in Dundee into a world-class manufacturing facility and encourage our employees to participate in achieving this."

He added: "The company is saying let us co-operate together on solving the problems of the 1990s, not go on fighting the battles of the 1930s and '30s. The world has changed. We all have to adapt. Otherwise we are going to face disaster."

He added: "Making circuit boards for electronic companies requires higher concentration and discipline on the production lines."

Since the dismissal of the 340 production workers at the loss-making

Dundee plant 13 weeks ago, the company's US head office has kept a close watch on events. The plant is continuing to produce circuit boards under contract for the electronics industry with 210 replacement workers helped by office staff and management.

Mr Dryfe said he regretted that the company had had to dismiss all its original employees but he added that there had not been a master plan. "It was never our intention to sack all our employees but we were forced into it," he said.

"I believe we were left with no alternative if we wanted to keep the

plant in business. Underlying everything else is the fact that the subcontracting business is very competitive. We thought and still believe we were in danger of losing our business customers and we would be left without a future," he added.

Mr Dryfe said that another reason for the company's decision was the breakdown of trust between the company and local union officials: "We saw no willingness by local union officials to compromise."

He added that Timex does not feel the same lack of trust towards union officials at a higher level.

Within hours of what he claims

was an agreement last February on layoffs, a pay freeze and a cut in benefits, Mr Dryfe said he was surprised to find that local union officials had rejected it. At two mass meetings the Timex workers then threw out the deal but agreed to go back to work "under protest".

Mr Dryfe said he did not know what this was supposed to mean: "We could only conclude if they came back they would immediately go out on strike again."

He added: "We warned the workers individually by letter they would be fired if they did not accept all four points in the deal."

Pirelli to cut 700 car tyre jobs

PIRELLI, the tyre manufacturer, is to cut 700 car tyre production jobs at its Burton-on-Trent plant and relocate production to other plants, primarily that in Carlisle, the company's other UK manufacturing site, Lisa Wood writes.

The company said the redundancies were in response to the "considerable deterioration in demand in the European tyre market".

Pirelli, as part of a big restructuring programme in Europe, is concentrating different types of tyre production into single specialised manufacturing sites in order to reduce costs. Since 1991 the group has shed nearly 6,000 jobs in Italy, Germany, Spain and Greece.

The Burton-on-Trent plant will retain about 600 jobs in the continued production of truck tyres and head office activities.

Red Hot case goes to appeal

CONTINENTAL Television, the pornography satellite company, is to go to the Court of Appeal in an attempt to overturn the government's decision to restrict its programmes being received in Britain.

Two High Court judges yesterday referred to the European Court the question of whether the government was entitled, under European law, to try to prevent the channel's Red Hot Television programmes being received.

Lawyers for the satellite company said they expected the Court of Appeal hearing to be held next week.

London bus crews to strike

LONDON bus crews will hold two more one-day bus strikes, on Monday April 26 and Monday May 10, the TGWU general union announced yesterday. The union has already held three such strikes in protest at wage cuts and longer hours.

Move on new home warranties

THE government has asked Sir Bryan Carsberg, director-general of fair trading, to make the National House Building Council amend its structural warranty scheme for new homes so that builders can use comparable alternative ones.

The change was recommended by a 1991 Monopolies and Mergers Commission report which found that the NHBC scheme operated against the public interest.

Telecottage start

THE Telecottage Association, which will offer training, marketing and low-cost equipment for hire to telecottages - small business centres in rural areas - was launched yesterday.

Edward Balls, a Financial Times economics leader and feature writer, was yesterday presented with the Wincott award for the young financial journalist of the year.

BCCI has 'black hole in assets' 1,300 jobs go as Asda closes food factory

BCCI has 'black hole in assets'

By Andrew Jack

LIQUIDATORS yesterday warned of a \$12.4bn (£2bn) "black hole" of unrealisable assets around the world in the collapsed Bank of Credit and Commerce International.

Partners at accountants Touche Ross said they had realised only 4.5 per cent of the bank's stated assets of \$14bn. They expected further realisations to total another 8.7 per cent. But they stood by their original projection that creditors would receive dividends of 30p to 40p in the pound.

The figures were announced as Mr Christopher Morris, one of the joint liquidators to BCCI SA, released a report submitted to the Department of Trade and Industry and circulated to the bank's creditors.

Mr Morris warned that he was studying the involvement of regulators - including the Bank of England - in the supervision of BCCI. "If there are actions we can properly bring against the regulators we will bring them," he said.

The liquidators disclosed that they had launched a \$10bn action in the US at the end of last year against the National Commercial Bank of Saudi Arabia, Sheikh Khalid bin Mahfouz, and a third party. They are already suing Price Waterhouse and Ernst & Whinney - now part of Ernst & Young - former auditors to BCCI for about \$8bn.

They also issued a bankruptcy order on Wednesday against Mr Nazmu Virani, former chairman and chief executive of Control Securities, for personal debts to the bank.

Other money is expected to come from a settlement negotiated by the liquidators with the government of Abu Dhabi, the majority shareholders in the bank.

But Mr Fred Goodwin, another partner involved in the liquidation, said that most of BCCI's stated assets in 1991 had been grossly inflated and that billions of pounds had been "deliberately removed" to a network of trusts and nominee corporations.

Against realisations until January 15 this year of \$719m by the British liquidators to BCCI, liquidators' fees totalled \$133.3m and legal fees \$37.3m. Total expenses were \$280.4m. Aggregated fees including figures from other liquidators to the bank totalled \$194.1m, compared with realisations of \$794m.

Mr Morris said the sum included "many millions of pounds" in work from the consulting arm of Touche Ross, which developed new computer programmes and systems to replace BCCI's 10-year old systems.

The level of fees was attacked yesterday by Mr Adil Elias, chairman of the BCCI Depositors' Protection Association and a member of both the UK and Luxembourg creditors' committees. He said he planned to call on the UK courts to appoint an independent auditor to scrutinise the figures.

● Sir Nicholas Lyell, the attorney general, told the Commons yesterday that the inquiry by the serious fraud office into BCCI had so far cost \$5,203,000.

By Neil Buckley

ASDA, the UK's fourth-biggest food retailer, said yesterday it was closing its Lofthouse food factory in Wakefield, west Yorkshire, with the loss of 1,300 jobs.

Workers had believed the business would be sold by Asda, but were told instead they were being made compulsorily redundant. The factory, which supplies all its output of

sausages, bacon and meat products to the Asda chain, will close at the end of July.

Lofthouse, which is Asda's only interest in food manufacturing, reported losses of £2.5m at the last half-year results in December last year, and is expected to report a loss of about £4m for the full year.

Asda said there was little prospect of the factory moving into profit, adding that Lofthouse was operating in a

declining market with considerable overcapacity.

"It's a sad but inevitable decision. We had to bite the bullet some time," said Mr Paul Dowling, Asda's corporate affairs director. "It makes good quality products but the costs are too high." Asda tried to sell the 50-year-old factory but was unable to find a buyer.

Closure costs, including redundancies, fixed asset write-offs and losses between

now and closure, are estimated at £20m, to be classed as an extraordinary charge when Asda reports its full-year results in July. That will be offset against the \$68m extraordinary gain Asda announced at the half-year following the disposal of its interest in furniture retailer MFI.

Mr David Williams, national secretary of the GMB general union's food and leisure section, said the closure was a

"hammer blow for the people of West Yorkshire, which will lead to the devastation of the whole community."

"Only yesterday John Major was jumping up and down triumphantly over the employment figures. Meanwhile, in the real world, jobs are still being lost and Asda workers are paying the price of John Major's complacency."

Mr Williams has asked for a meeting with Asda to discuss

the saving of jobs. Asda said yesterday it would attempt to redeploy some Lofthouse workers in its distribution operations and stores in the region, but this was likely to apply to only a small minority.

One shop steward at the factory said he was "stunned". "This is an area of high unemployment so I don't know what people will do. Entire families work here and it will be difficult to find other jobs."

Grey skies begin to clear for Major

Philip Stephens finds that after months spent in the darkness the PM now has a spring in his step

THE GREEN SHOOTS

had taken root at last. The end was in sight for the Maastricht treaty. Ministers ordered champagne in the bars of Westminster. Mr John Major decided that it was time to start rebuilding his political authority.

For the first time in recent memory the prime minister this week had a spring in his step. After months of living in the shadow of his party's deep unease over the recession and its divisions over Europe he felt confident enough to set out again his own agenda.

Sketching his vision of Britain's future in Europe, he abandoned the ritual genuflections to the Tory Eurosceptics which have blurred his message since last autumn.

He dismissed the Maastricht rebels as victims of the nostalgia of empire. His cruel image of Lady Thatcher, once the invincible Iron Lady, was a phantom grandeur - "a clanking of unusable suits of armour". It was time for his opponents to catch up with Britain's place in the world - and in Europe.

Last night Mr Major underlined that he has turned his back on her economic strategy - above all on the calculated indifference to manufacturing industry which permeated the 1980s.

There would be no return to 1970s corporatism. But this

government cared about the manufacturing base, new technology, the trade balance. No one could imagine his predecessor telling an audience of businessmen that "everything we do has to be supportive of you".

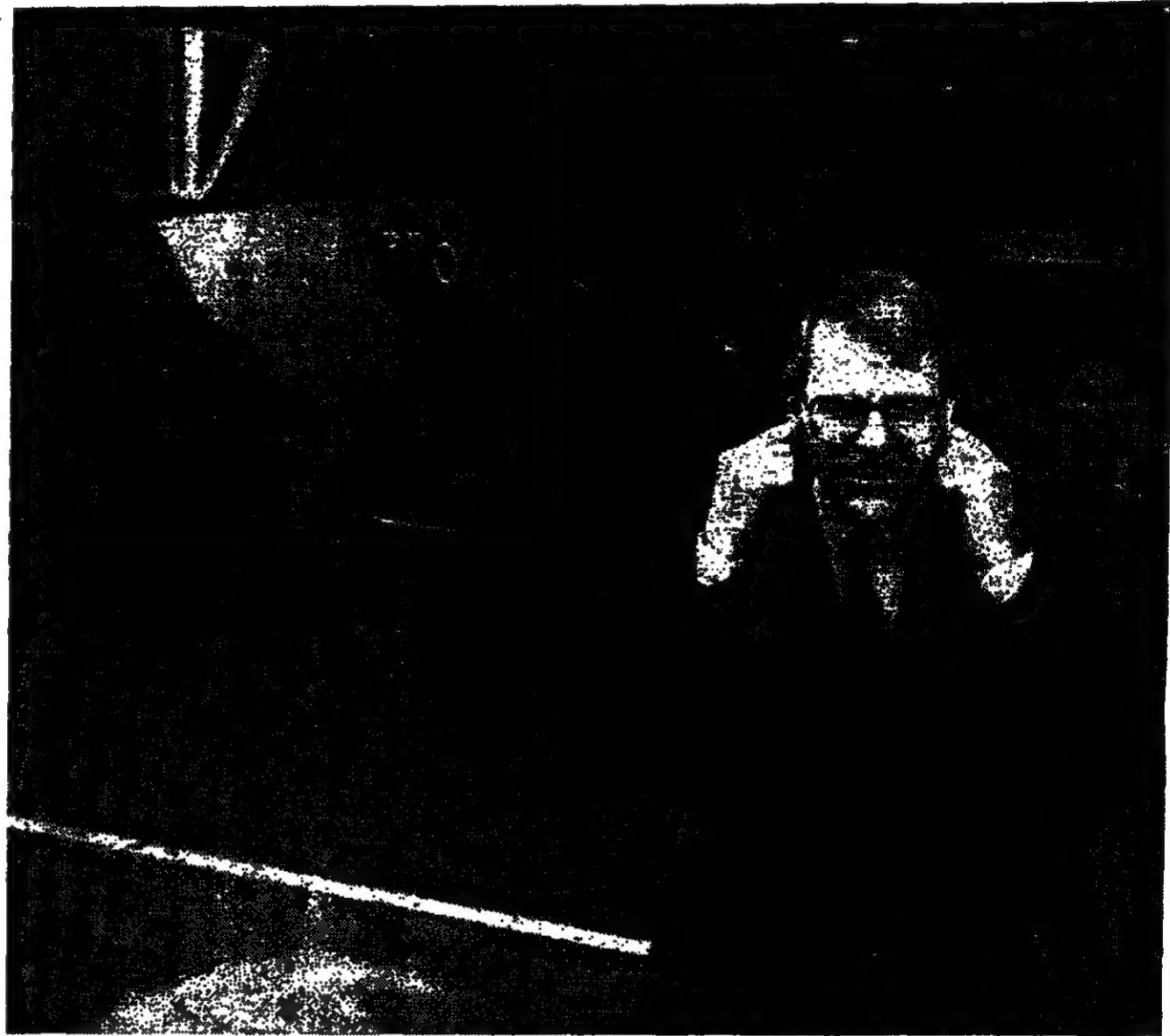
Mr Major's new-found confidence rubbed off on his party at Westminster. The hard-core opponents of Maastricht will never be won over. But among the silent masses on the Conservative back benches, there was a sense that their leader was beginning to look again like a prime minister.

The general presumption is that the economic recovery will pick up speed over the summer.

Even if the recent falls in the jobless total prove temporary, the employment market may stabilise more quickly than was previously hoped. Consumer confidence should sustain the rise in retail spending. The pick-up in the housing market should reinforce the trend.

The completion this week in the House of Commons of its committee stage loosened the shackles of the Maastricht bill. There are hurdles still to jump - Lady Thatcher is promising a deafening onslaught from the House of Lords. But the treaty should be ratified by late July.

So it was hardly surprising that the prime minister, who



Hearing no evil: John Major watches an aircraft during his visit yesterday to the British Aerospace factory in Warton, Lancashire

has spent most of the past year in headlong retreat, should decide that now was the time to declare that the tide has turned. As Mr Major toured the television studios one cabinet minister declared: "It can only get better."

Perhaps. But wise souls were counselling against premature euphoria.

The shape of the economic

recovery is far from certain. At the moment it is being driven by consumer spending. The rest of Europe is in recession. Unless industry heads Mr Major's exhortations to export and invest, the risks of an unsustainable widening of the trade gap and of another upsurge in inflation are obvious.

In the meantime, the govern-

ment must find ways to meet the toughest limits on public spending for a decade. Cutting the health and social security budgets and curbing spending on the police and defence will not be without political cost.

Then there is Bosnia. The US administration seems poised to threaten military action against Serbian forces in the

former Yugoslav province. Neither the government nor the Tory party can predict the consequences of Britain being drawn further into the chaos in the Balkans. No one doubts they are potentially disastrous.

But after the crises of the past year it would be churlish this week to deny Mr Major his celebration.

Mayhew hints at new Ulster talks

By Ralph Atkins

A POLITICAL settlement in Northern Ireland should not be based on simple majority rule - and, if backed locally, needs to allow for future Irish unification, Sir Patrick Mayhew, secretary of state for the province, said yesterday.

In the first hints of proposals aimed at kick-starting talks on the province, Sir Patrick also envisaged greater co-operation "in all walks of life" between political institutions up north and south Ireland.

Speaking at the Institute of Irish Studies at Liverpool University, he included energy and transport policies, water management and research

facilities as possible areas for co-operation.

Sir Patrick hopes to re-start formal talks with Unionists, nationalists and the Irish government after the province's May 19 local elections. He is drawing up outline proposals as a starting point for talks - ending a near silence by the government on specifics of Northern Ireland policy since the first set of round-table talks three years ago.

Sir Patrick balanced Unionist and nationalist aspirations and hinted strongly that he supports a central demand of Ulster Unionist MPs - the setting up of a Northern Ireland select committee at Westminster. He also ruled out Britain

and Ireland having joint political authority in Northern Ireland.

The speech underlined the shift in Conservative thinking since the 1980s away from an overtly Unionist stance, towards a "neutral" role. But his plans may revive fears among Unionists that they have more influence to lose than gain from re-entering talks.

Sir Patrick said government systems based on simple majority rule "were not successful before and they would not be sufficiently acceptable now. Such a system in a divided society could simply not be relied on to provide a fair deal for both sides of the

community or to command the allegiance of each."

He said the current status of Northern Ireland as part of the UK would not change without the consent of the province's population. But he added: "Correspondingly, there is no prospect of an agreement precluding a politically united Ireland if, at some future date, the public's view should change."

Sir Patrick said there was a new "intensity" behind public calls for the resumption of political talks. He said the prospects for ending terrorism "would be dramatically improved by a political accommodation leading to political stability in Northern Ireland".

Press freedom bill fails to progress

By Ivor Owen,
Parliamentary Correspondent

THE PRIVATE member's bill seeking to establish an independent press authority made no progress in the Commons yesterday and has virtually no chance of becoming law.

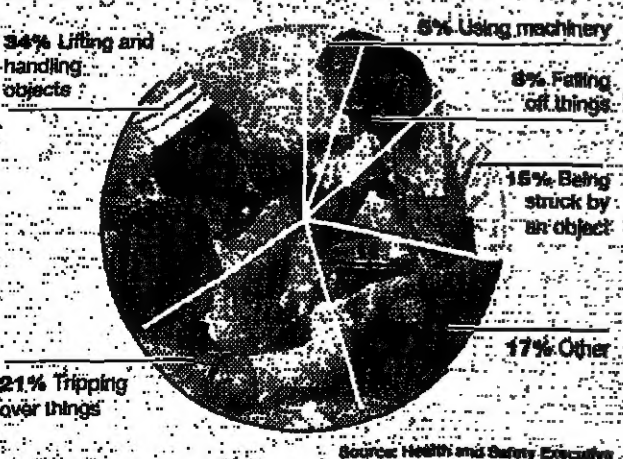
Mr Clive Soley, the Labour MP who is chief sponsor of the Freedom and Responsibility of the Press Bill, repeatedly accused Tory backbenchers of deliberately denying it the time needed to complete the report stage by prolonging debate on an earlier measure.

His protests were ruled out of order by Dame Janet Fookes, the deputy speaker.

Mr Robert Key, junior heritage minister, reaffirmed that the government was opposed to the bill and said it needed further time to prepare its own proposals. These would be aimed at securing a proper balance between press freedom and the rights of the individual. Mr Key confirmed that the views of the Calcutt committee and recommendations by the Commons national heritage committee would be taken into account.

What causes accidents at work?

Accidents which result in three days or more off work



Employers feel a sharp pain from the bad back

Diane Summers on reasons behind the biggest ever health campaign

THE SINGLE biggest cause of absenteeism arising from a work-related illness or injury is the bad back. It costs industry about 3m working days a year. This has sparked one of Britain's biggest ever health and safety at work campaigns under the slogan: "Is your business at risk through sheer bad handling?"

The Health and Safety Executive's campaign, launched tomorrow, is part of a three-year project aimed at cutting down on back injuries, as well as work-related complaints of the neck, shoulder and arms.

The executive says back injuries arising from workers lifting or carrying objects account for more than a quarter of all notifiable accidents at work. An average of 20 days off work is taken for each reported accident.

It adds that it is not only people doing heavy manual work who are at risk - nurses lifting patients can be injured, as can office workers moving equipment or even cartons of paper.

The statistics understate the

extent of the problem, the executive says. Many lifting and carrying accidents go unreported either because they are relatively minor - but nevertheless disruptive - or because they are cumulative and do not show themselves for years.

The Manual Handling Operations Regulations 1992 - which came into effect on January 1 this year - spell out employers' legal obligations in preventing back injuries.

They oblige companies to avoid the need for manual

handling involving a risk of injury as far as is reasonably practicable, to assess manual handling operations where such handling cannot be avoided, and to reduce the risk to the lowest level practicable.

For small businesses, in particular, this may sound like yet more Brussels-inspired bureaucracy and form-filling. The executive says a written assessment is necessary "only if it is too complex to repeat when necessary" - presumably to explain to an inspector.

Consultants offering advice on the barrage of new health and safety legislation which came into effect from the beginning of the year should be viewed with some caution. The executive has warned that there are expensive and ill-informed cowboys about.

For companies planning to do their own assessments quickly and at minimum cost, the executive advises asking: ● Do any tasks performed in the company involve holding loads away from the trunk of

the body, twisting, stooping or reaching upwards?

● Are loads heavy, bulky or unstable?

● In the working environment, are there constraints on posture or are lighting conditions poor?

● Do tasks endanger pregnant women or call for special training?

Any part of the operation which would lead to a "yes" answer will need action if employees are not to risk being added to the statistics.

Lighten the Load information pack for employers. Freephone 0800 500 565 from Sunday.

Sharp rise in shop sales raises hopes

By Emma Tucker, Economics Staff

THE GROWING belief that economic recovery is under way in the UK was boosted yesterday by the news that retail sales rose strongly last month.

At the end of a week of promising economic data, the Central Statistical Office reported that shop sales rose a seasonally adjusted 0.5 per cent in March compared with February, and were 4.1 per cent higher than in the same month a year ago. The year-on-year increase was the sharpest for four years.

The rise in sales volumes followed a 0.1 per cent increase in February and was the third consecutive monthly rise. In the latest quarter retail sales rose by 1.6 per cent compared

with the previous quarter and were 3.3 per cent higher than the same three months a year ago.

The increase was more evenly distributed across the retail sectors than it was in previous months, with the non-food sector beginning to catch up.

Non-food sales rose by 0.1 per cent month-on-month to stand 3.5 per cent higher than a year ago, while food sales edged higher by 0.1 per cent compared with February.

The British Retail Consortium, a trade body representing more than 90 per cent of the retail industry, said it was particularly heartened by signs of increased activity in sales of goods related to the housing market, such as carpets and furniture.

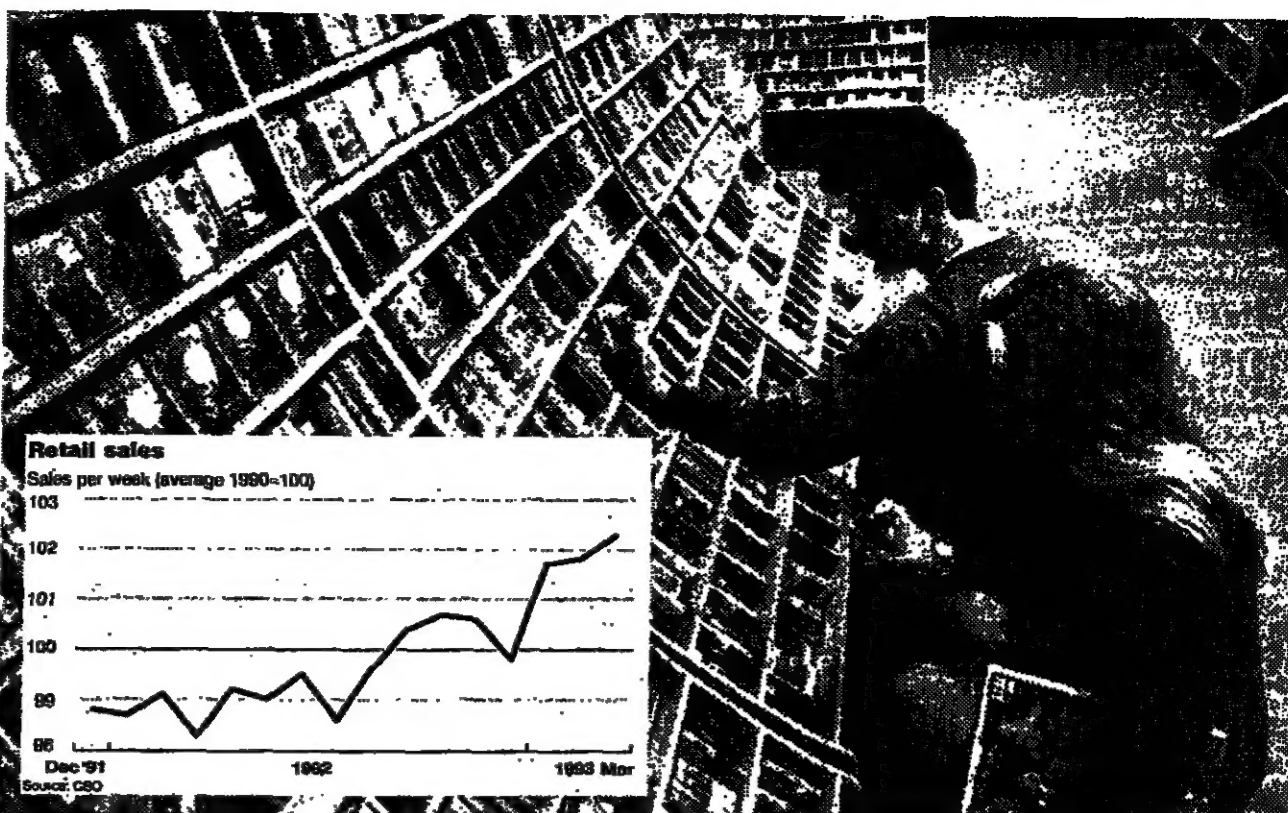
Sales of household goods

rose by 2 per cent in the latest three months compared with the previous quarter, and were up 4.3 per cent on a year ago.

Clothing and footwear sales were also higher. They increased by 1.2 per cent in the latest quarter compared with the previous one, and were 6.5 per cent higher than a year ago.

The only sector to register a decline in the latest quarter was mixed retail businesses, which covers most types of department stores. Sales dropped by 0.3 per cent in the three months to March compared with the previous quarter but were up 3.6 per cent on a year ago.

The value of retail sales in March was a non-seasonally adjusted £2.65bn, 6 per cent higher than in March last year.



Lending fall shows demand still weak

By Peter Marsh, Economics Correspondent

A SURPRISE FALL in bank and building society lending to individuals and companies has underlined the fact that demand pressures are still weak in spite of signs of recovery.

Lending in March fell by £1.3bn compared with the previous month, after a £700m rise in February, according to figures released yesterday by the Bank of England.

Some of the seasonally-adjusted fall can be explained by large debt repayments in the manufacturing sector.

M4, a broad measure of money supply which takes in bank and building society deposits as well as notes and coins, rose by 0.7 per cent in March compared with February to show a year-on-year rise of 3.6 per cent.

Although this was higher than the year-on-year increase in February of 3.3 per cent, the figure is still only just inside the Treasury's "monitoring range" of 3 per cent to 9 per cent. That indicates relatively fragile demand for credit.

The British Bankers' Association said that last month the nine biggest banks which it represents received net repayments of £900m, after showing a rise in lending of £200m in February.

The association said manufacturers had repaid debts, on a non-seasonally adjusted basis, worth a net £1.4bn. This was the largest figure since it started recording in 1986.

The repayment was boosted partly by many businesses having large amounts of surplus cash as a result of the large government deficit last month of £9.5bn. Another factor which had dampened companies' need for borrowing was a run of rights issues.

Lending to individuals by the nine banks rose during the month by a relatively high £1.1bn, even though the figure was magnified by March being a month when quarterly interest payments become due.

Non-EC trade deficit narrows

By Emma Tucker, Economics Staff

THE UK'S trade deficit with countries outside the European Community narrowed slightly last month, with export volumes starting to benefit from the devalued pound.

In March the value of visible, or merchandise, imports from non-EC countries continued to exceed the value of exports but by only £918m. This compares with a visible trade deficit of £1.35bn in February.

Export values reached a record high of £4.7bn, suggesting that companies are taking advantage of the lower pound.

The trend was backed up by a similar rise in the volume of exports. These rose to a record high and were up 4.5 per cent in three months to the end of March, compared with the previous three-month period.

Import volumes fell marginally month-on-month but were also 4.5 per cent higher than in the three months to December. A 16 per cent increase in import volumes compared with the same period a year ago was consistent with evidence that

VALUE OF TRADE WITH NON-EC COUNTRIES
Balance of payments basis seasonally adjusted (£m)

	Exports			Imports			Balance		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
Q1	44,477	53,884	53,884	38,289	45,252	45,252	-9,812	-11,368	-11,368
Q2	46,573	56,510	56,510	40,522	48,187	48,187	-6,650	-11,677	-11,677
Q3	11,288	13,618	13,618	9,832	11,550	11,550	-1,718	-1,718	-1,718
Q4	11,641	13,898	13,898	10,106	11,820	11,820	-1,628	-1,628	-1,628
1992 Oct	11,556	13,878	13,878	10,048	11,676	11,676	-1,628	-1,628	-1,628
Nov	12,088	15,316	15,316	10,536	13,141	13,141	-2,905	-2,905	-2,905
Dec	4,021	4,828	4,828	3,470	4,175	4,175	-705	-705	-705
1993 Jan	3,988	5,045	5,045	3,454	4,314	4,314	-860	-860	-860
Feb	4,096	5,443	5,443	3,612	4,632	4,632	-1,040	-1,040	-1,040
Mar	4,345	5,405	5,405	3,764	4,581	4,581	-797	-797	-797
	4,450	5,709	5,709	3,822	4,705	4,705	-863	-863	-863
	4,733	5,851	5,851	4,028	4,992	4,992	-864	-864	-864

defined as ships, aircraft, precious stones and silver

the economy is recovering. Excluding oil and erratic items, such as precious stones and ships, the Central Statistical Office figures showed that export volumes grew by 5.6 per cent in the latest quarter compared with the previous one. Underlying import volumes were up 3 per cent on the pre-

vious three months and 14 per cent on a year ago. Trends in export and import volumes for non-EC trade, excluding oil and erratic items, were rising at about 1 per cent every month.

The figures, which account for just less than half of the UK's total trade with the

world, showed a big rise in the UK's trade deficit with North America. This widened from £256m in February to £300m in March.

The CSO stressed that it was not possible to deduce from the figures what was happening to trade with the EC. The first intra-community trade figures, measured by a new method, will be released on June 23.

The balance of trade with Europe excluding the EC improved slightly on the month, but the value of imports from these countries - mainly eastern Europe and Scandinavia - rose by 31 per cent in the latest three months compared with the same period a year ago. This compares with a 6.5 per cent increase in export values.

Export growth has been concentrated in basic materials and food, drink and tobacco. Import values have shown their strongest rises in basic materials and manufactured goods. Imports of manufactured goods rose 23 per cent in the three months to the end of March compared with the previous quarter.

Unit trust funds at record

By Philip Coggan, Personal Finance Editor

UNIT TRUST sales in March reached their highest level since the 1987 stock market crash with funds under management reaching a record £70.7bn.

The UK's departure from the exchange rate mechanism has led to falling interest rates and increased share prices over the past six months. That has attracted savers away from the building societies and into equity-based investments. Unit trusts have reaped the benefit.

Gross sales in March were £1.75bn, the second-highest monthly total. After repurchases from investors of £1.03bn, net sales were £719m. About half of the gross sales came from private investors, the remainder from institutions.

Funds in the UK growth and UK equity income sectors achieved the best growth and net sales during the month.

Forging industry remains sluggish

By Paul Cheeswright, Midlands Correspondent

OUTPUT from the forging industry continues to languish in spite of evidence of improvement in the national economy.

Executives at the annual meeting of the British Forging Industry Association yesterday reported that after a 9.3 per cent fall in deliveries last year the domestic market remains sluggish while exports will be affected by the downturn on the Continent.

The performance of forging companies is a barometer of manufacturing fortunes. Nearly 55 per cent of forgings go to the car, commercial vehicle and tractor sectors.

Mr Graham Mackenzie, chief executive of United Engineering Steels, which accounts for about 45 per cent of UK production and exports 40 per cent of its forgings, said the fall in European car sales was "catastrophic". He did not expect recovery until "well into 1994".

He added that difficulties have been compounded in the truck sector by the problems at Leyland Daf, although the receiver had resumed production at the plant in Leyland, Lancashire. UES production so far this year is lower than 1992, Mr Mackenzie said.

Mr David Powis, director-general of the association, said export deliveries this year had been stable. Given the amount of orders from both foreign and domestic sources, he expects national output to rise in the middle of the year.

The association said total deliveries last year were 153,794 tonnes - less than 59 per cent of 1990's figure. Exports accounted for 18.5 per cent of production.

Although executives have been encouraged by the growth in domestic car production, the association said that "a year of slow recovery, punctuated with occasional setbacks, is the best that can be hoped for in 1993".

Intense price competition is expected, especially from Indian and Italian companies.

Building societies see steady upturn . . . but agents disagree

By John Gapper and Andrew Taylor

FURTHER EVIDENCE of a steady recovery in the housing market emerged yesterday when building societies disclosed that the value of house buyers' commitments to buy mortgages rose for the second month running in March.

However, the reports below from FT writers in the regions show that many estate agents in England and Wales see only a patchy recovery and are cautious about house prices.

The rise in commitments to mortgages from societies emerged in spite of an announcement this week from the rival Abbey National, the mortgage lender, that it achieved a 60 per cent increase in its commitments in the first quarter.

Net new commitments rose to £3.05bn in March from £2.72bn in February and £1.56bn in January. However, the March figure was below that of the same month last year, when it was £3.46bn.

Mr Mark Boléat, Building

Societies Association director-general, said reports of increases in activity suggested that lending would continue to increase.

Mr John Wrigglesworth, UBS analyst, said the increase in net new commitments was significant in spite of the fact that the total for the first quarter was only £7.36m compared with £8.43m for the same period last year.

He said societies were clearly managing to increase their lending steadily in spite of competition from other mort-

gage lenders such as Abbey National and banks.

Mr Boléat said the rise in house activity had also helped societies to increase their inflow of retail funds because individuals selling homes had capital available to them.

Societies' net retail inflow in March was £249m, following an inflow of £208m in February and £363m in January. The total for the quarter at £820m was well up on the first quarter of last year, when societies achieved an inflow of £266m.

Societies are worried that

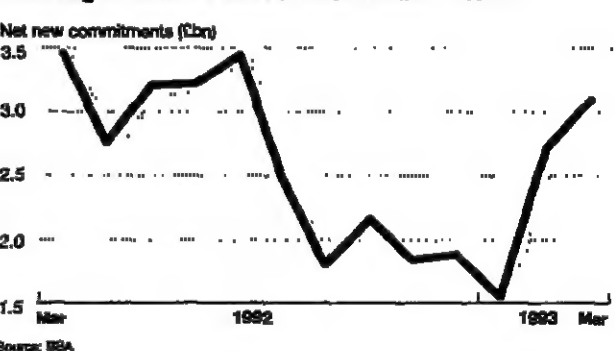
they face strong competition for retail funds from the government's National Savings products and from equity products. Last year's total retail inflow of £295m was well below inflows in previous years.

Housebuilders have also reported significant increases in net reservations - agreed sales on which a deposit has been paid less any cancellations. A survey of 15 of the country's largest builders conducted by the Housebuilders Federation showed that net reservations rose by a third

during the first 15 weeks of this year compared with the corresponding period in 1992.

The biggest rise in sales has been to first-time buyers. Recently there have been signs that sales of houses in the medium-price bracket have also started to improve, said Mr Joe Dwyer, chief executive of Wimpey, the housebuilder. He said: "We are pleased with progress but the improvement is from a very low base and it is still too early to talk of a sustained recovery. Nonetheless things are looking better."

Building societies: home loans bounce back



Recovery in west 'Greedy' property sellers cause fears in north-east

By Roland Adburgham, Wales and West Correspondent

THE HOUSING market in south Wales and south-west England has stabilised but it is premature to talk of a firm recovery. Across the region, more interest is reported from buyers, but houses have to be at the right price to sell.

"Generally speaking there are more buyers around," said Mr Peter Mulcahy, principal partner of Peter Mulcahy, an independent chain of eight offices in south Wales. "Prices now are very realistically pitched, very much more related to what people earn, and allied to that are the low interest rates."

But Mr Carey Jones, director and general manager of Crown & Co, which has 16 offices in south Wales, warned: "What recovery there is is very thin. We have better figures than in 1992 but not as good as 1991, which was not a brilliant year by any stretch of the imagination."

Mr Justin James, associate partner of Stags, an independent group of seven offices in Devon and Somerset, said: "The recovery is sporadic, although in the cheaper price bracket there is more movement, reflecting the cheaper cost of borrowing. Pricing is absolutely crucial and if something is overpriced it becomes obvious very quickly." Job security, he said, was a more important factor now than interest rates.

Other estate agents confirm that the revival in the housing market is mostly confined

to cheaper properties. Mr John Hiles, partner of the 13 C J Hole offices in Avon, said: "We are seeing a lot more movement but it is in specific areas - the first-time buyers and even second-time buyers, but mainly confined to under £90,000. There is some movement above that, but negative equity is beginning to creep up as a real practical problem."

Houses for which estate agents have taken recent instructions, and are at 1993 prices, are beginning to sell quite quickly, especially new homes. "Developers are more realistic than some sellers on prices," said Mr Hiles. "At one show home last weekend we had 120 visitors."

But "old chestnuts", as one agent called properties which have been on the market for a year or more, will still not sell unless their prices are reduced.

Agents report that offers are now closer to asking prices, provided that the latter are realistic. Some estate agents are finding that there are more good buyers around now than good properties. Mr James said: "Across the board there is not much property coming on the market, particularly of country properties in the middle and upper ranges."

As yet, there is no upward pressure on prices. "There is no need or concern that they are likely to rise because there are an awful lot of properties on the market," said Mr Mulcahy. "Any building society which says that prices have risen by 1 per cent should be sent on the next rocket to Mars and left there," said Mr James.

By Chris Tighe in Newcastle

NORTH-east England's estate agents are strikingly cautious about the apparent recovery in the housing market even though they are delighted at the increased sales activity of recent months.

Mr Stan Morville, managing director of Dollyer Waller, which has eight branches in Teesside and south Durham, is refusing to accept instructions from would-be sellers who

insist on an above-valuation asking price.

Mr Sam Smith, a Newcastle-based associate at Keith Pattinson, which has 33 branches in the region, talks with dismay of clients who have wanted to increase the price of their unsold homes.

There are fears that over-eager sellers could throttle house recovery at birth in a region with a big backlog of unsold homes.

Mr Peter Miller of Black Horse in Newcastle, who is

also the national housing spokesman for the Royal Institution of Chartered Surveyors, warned: "The worst thing which could happen is for people to become greedy and over-optimistic; the market is extremely price sensitive."

In parts of the region pleasant homes in good order can be found for under £45,000, 50 per cent of Dollyer Waller's sales in the first three months of 1993 were under this figure. But Mr Miller said because prices are now more realistic

some first time buyers are leapingfrogging the lowest rung and looking at properties in the £50,000 to £60,000 band.

He now detects virtually two markets; the unoccupied, possibly repossessed, property which may need some improvement, and the good quality, well-maintained home. It is the latter which are selling well.

Many agents would like more semis; Miss Ashley Hollingworth at Whitegates in Sunderland said semis in

coastal areas are in demand. "People living there want to stay," in Newcastle, Mr Smith would like more larger, older houses up to £150,000.

Underlying these perceived shortages is concern about the level of new instructions. A few agents report a slight increase, under 5 per cent, others say the number is static. Average selling times vary widely; Keith Pattinson has just sold for a house £155,000, asking price £158,000, which had been on the market two

years. The sale of one semi in Redcar, Cleveland, was completed less than a fortnight after Dollyer Waller listed it. Mr Smith suggests three months as an average selling time.

With agents pushing for realistic asking prices, and the market looking more active, many discounts are now fairly modest; on average, agents suggest, no more than 5 per cent on properties under £45,000, rising possibly to 10 per cent higher up the scale.

Midlands finds talk of price rises 'nonsensical'

By Paul Cheeswright in Birmingham

AT LEAST there is a housing market now - there was not in the autumn and the winter, said Mr Peter Veitch, a partner at Hadleigh Steven Viney, the Birmingham estate agent.

"But we're quieter now than we were six weeks ago. That throws me slightly. It was a quiet Easter. It's quiet now."

The driving force behind the market is the growing demand for homes at low and medium-price levels, agreed estate agents in the west Midlands. By that they mean prices up to £100,000.

In the first quarter Dixons saw the number of its transactions running 15 per cent higher than last year. "The most interesting phenomenon," said Mr Bob Scarff, the managing director, "is that we're seeing more of people selling for the first time and

staying in the buying market." Mr Philip Amphlett, managing director of Andrew Grant, said: "People have been buying for the last four years out of necessity. Now we're getting people who are encouraged enough to start trading up again."

But agents can find little evidence to support building society surveys suggesting an increase in prices. "To suggest prices have gone up by over 1 per cent in a month is nonsensical," Mr Veitch said.

To some extent the slack appears to be tightening. Agents have much the same amount of stock as they had three months ago. Mr Les Hill, business manager of Birmingham Midlands Property Services, said: "In available properties we're probably keeping pace with what we started the year with. We have been instructed on more properties, but then we have sold more."

But this is not a sellers' market. Buyers are "very canny indeed", Mr Veitch said.

Mr John Allen, area director of Shipways, Royal Life Estates, said: "Offers are still coming in below the asking price. We're trying to get our vendors realistic: it's supply and demand, isn't it?" He notes that "under £85,000, sellers are less likely to accept a reduced offer. At the top end buyers are less likely to offer the asking price."

Mr Hill suggested that although "there is a certain amount of chancing your arm", most deals conclude at about 10 per cent below asking price. Of course, the asking price can change. Mr Scarff said: "Typically houses have been on the market three months before they're sold. But they're price sensitive. You can have one that's been on the market a year, then the price is reduced and it sells."

Studio apartment on south coast goes for £12,000

By Stewart Dalby in Brighton

INTEREST in Brighton is not right across the board but confined mainly to the middle price ranges - flats of about £50,000 and houses below the £100,000 mark.

Brighton has seen a strong surge of interest and viewing in the four months since Christmas, a modest increase in sales over the same period, but prices have yet to show any upturn.

Mr Andrew Garth of Austin Gray estimates that 80 per cent of properties in central Brighton are flats. "Prices at the peak for studio apartments started at £25,000. A lot of these and one-bedroom apartments came on the market. Many were bought with little equity. It is these that have crashed, and where recovery is slowest," he said.

"We sold a studio apartment two weeks ago for £12,000. For-

get what you may have read about prices dropping by 25 per cent. For cheaper properties the falls have been more like 40 per cent since the top in 1988."

His office is selling about five properties a week compared with two a year ago. Selling time has come down from months to weeks.

At Fiveways, an out-of-town district of semis and terraced Victorian and Edwardian houses, Mr David Andrew of Raymond Beaumont said: "I believe that after London and Croydon, Brighton suffered the worst number of repossessions in the south-east. These seem to be petering out."

In Fiveways the state of the housing market does not seem as bad as that in the centre of the town. A three-bedroom house which would have sold for £100,000 at the peak could now be bought for £75,000 to £85,000.

Mr Glenn Mishon of Mishon & Mackay has an office between the bedsit and apartment land of western Brighton and the leafy boulevards of Hove.

He said: "We are doing double the business in terms of sales and viewings that we were doing last year. There are three kinds of buyers. First-time buyers who are looking to avoid the bottom rung and going for two-bedroom flats while prices are cheap. People who went into rented accommodation when they were repossessed, or could not afford the mortgage and want to buy again now that mortgages are cheaper than renting. Finally, there are people who want to trade up a little but not massively in case interest rates go up again."

Mr Mishon said properties between £80,000 and £200,00 are going within weeks. Anything over £200,000 is not moving at all.

FINANCIAL TIMES

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Saturday April 24 1993

Prelude to recovery

THE PRIME minister's troubles are not over, not by any means, but the worst may be behind him. The outlook for Mr John Major this spring is less gloomy than at any time since Black Wednesday. He may not regain all of his previous authority for a while, perhaps not ever, but his chances of survival are high. The evidence that he is out of the woods, or nearly so, is mounting.

The UK economy is recovering. Mr Major cannot honestly claim the full credit for this. He opposed - indeed condemned out of hand - the policy change that made recovery possible. He failed to understand why it was impossible under the policy he did prefer. But he did have the wit to seize the opportunity given by sterling's abrupt and expensive exit from the ERM last September.

If the prime minister was not particularly wise, he has at least proved to be lucky. Monetary easing has been so sharp that some sort of recovery was inevitable. Today the signs are everywhere: in the housing market, in retail sales, in industrial output and even in unemployment. The upsurge may well prove steeper than was supposed by most forecasters, including the Treasury, earlier this year.

Luck cannot be relied upon, however, especially where British economic recoveries are concerned. Too many have ended in the same painful way, with excess consumption, balance of payments crises and rising inflation. The danger facing Mr Major is not that there will be no return to growth, but that it will not last.

Export-led growth

The British economy has the lowest underlying rate of inflation for close to a generation. But it also has close to the largest ever fiscal deficit in peacetime and a substantial current account deficit at the end of a deep recession. The government needs fast growth to provide a painless cure for the fiscal deficit, while such growth would exacerbate the external deficit. The way out must be export-led growth. But export-led growth means growth without soaring real wages. It means resisting excessive appreciation of sterling, if necessary by cutting interest rates again. It means closing the fiscal deficit aggressively. Above all, it means that this recovery must not end in a spurt of wage inflation. Does Mr Major have the mettle to achieve all this?

On past form the answer is, once again, mixed. The bill to ratify the Maastricht treaty is past the most difficult portion of its passage through parliament. It may yet suffer a reversal, but that looks unlikely. This is a tribute to the prime minister's persistence.

A long drawn-out and debilitating episode that threatened to split the Conservative party is drawing to a successful close. It may not have been magnificently managed, but it has been managed. To mark the moment, Mr Major has embarked on a series of speeches that promote the positive aspects of Britain's membership of the European Community. Little that he has said is likely to play well on the Continent, but the endorsement may contribute to an aura of renaissance leadership at home.

Challenges ahead

The pits closure episode is another case in point. The initial announcement that 31 coal mines were to be shut down at once was an error of judgment for which Mr Major, as well as the industry secretary, Mr Michael Heseltine, was rightly blamed. During the ensuing months it looked as if this might result in a wholesale retreat. In the event the government has saved most of its original strategy, albeit at a high cost in temporary subsidies. A trial of a similar nature is now about to be endured by Mr John Patten, the education secretary, as he wrestles with teachers who threaten to boycott tests of their pupils' performance under the national curriculum.

Other possible setbacks lie ahead. Liberal Democrats are the current favourites to capture Newbury from the government in the forthcoming by-election. That would further shave the government's already unreliable majority in the Commons. If the Danes surprise everyone by voting No to Maastricht in the referendum on May 18 the UK cabinet is likely to be divided about what to do next. Meanwhile the government's agonising over Bosnia, while understandable, does not enhance its reputation. As to later in the year, the government is already in retreat from privatising the Post Office and equalising the pension age: rail privatisation may prove to be what one of its critics has called "poll tax on wheels".

If the prime minister is to restore confidence in his ability to take difficult decisions he must first end the present uncertainty about who, if anyone, is to be reshuffled in his cabinet. Ministerial nervousness is contributing to a stultifying of the government's will to act. Mr Major has demonstrated his loyalty to his chancellor for long enough. The employment secretary has not been a success; the secretary for social security is not grasping any nettle. The foreign secretary should be kept in post as long as possible. Some cabinet members should go; some should be moved to new posts. A strong, reconstituted, and credible team is sorely needed.

The rush to judgment is now a permanent sprint. Bill Clinton's presidency was pronounced irrevocably dead - and alive - even before he assumed office, in its first days and round the clock, on the half hour, ever since. This has been more than usually evident this week, with 86 dead in the ashes of a religious fanatic's fortress in Texas, a jobs bill killed by 43 obdurate Republican senators and with a nation now conditioned to demand to know who was at fault.

But a presidency - as well as the political and national contexts in which it operates - is a permanent work in progress. Hindsight can always identify watersheds - Jimmy Carter's "malaise" speech in the summer of 1979 and George Bush's approval of the 1990 budget act increasing taxes can now be said to have definitively marked the beginning of the end of their presidencies. But Mr Clinton's first 100 days, a mere one-fiftieth of what he might serve, are only up next week. Had he promised a rose garden, he would by now only have been able to deliver a few buds.

But even these demonstrate the enormous gulf between Mr Clinton and his predecessor, above all domestically. Mr Bush thought everything could be set to rights by a balanced budget amendment, the line item veto and a conservative Supreme Court, of which he had only the latter and then not consistently. It is, on the other hand, hard to imagine a problem, no matter how small, to which Mr Clinton could not come up with a programmed solution and even a means, probably a tax, to pay for it. And he will get the chance substantially to reshape the nation's highest court.

Government, in the Clinton doctrine, can make a difference. It may, as he frequently says, have to "get by on less", and his pockets, even in the great quest of aiding Russian reform, may not be too deep. But this does not invalidate its mission to lead by example and, where necessary, to intervene.

Thus, the first 100 days have been phenomenally busy. The single greatest achievement has been the passage by Congress of the broad outlines of the plan to cut the budget deficit substantially over the next five years. The truly hard parts - enacting specific tax increases and cutting spending programme by programme - still lie ahead, but the fact remains that for the first time since 1985 a president has proposed a budget that is not automatically "dead on arrival" on the steps of the Capitol. It is even possible that Congress will improve on it and cut spending even more.

But this has not been all. Also at home, Mr Clinton, under his wife's direction, has got stuck into the momentous issue of healthcare reform, with serious proposals due perhaps next month. He struck down Republican restrictions on abortion and in the labour market, obtained a family leave bill, committed himself to ending the ban on homosexuals serving in the military, instituted easier bank lending to small businesses, inserted the government into technological research and development, set up a civilian national service corps, mediated in the tree-versus-spot-owls dispute, promised to sign the international bio-diversity treaty, and more besides.

He has run a thousand hares already and if few are radical in themselves the collective impression is of a man determined to change the way the country looks

In his first 100 days in office, Clinton has seemed determined to prove government can make a difference, says Jurek Martin
President's work in progress

at itself and what it thinks it can do for itself. It is an agenda as ambitious as the ideological Reagan revolution is intended to reverse. All it lacks is the single-minded focus of the first Reagan term, opposition to which was made in any case almost impolite by the president's own brush with an assassin's bullet.

There have been setbacks, the most telling of which was this week's defeat of the jobs bill at the hands of a Congress run by Democrats. This was not supposed to happen in the first flush of Clinton's presidency and so soon after the great budget victory. The package may be dismissed as economically insignificant - at eight it is one-tenth of the size of that just proposed by Japan - but its demise in its proposed form serves as a potent reminder to the new president that working on Congress is a full-time occupation.

Successful presidents instill a mixture of fear and respect into Congress. So far Mr Clinton has earned respect for his marketing abilities but has not generated fear. He was unable to scare off the Republican filibuster, itself a remarkable display of self-will of a party on the search of a role and nervous of being blamed for yet more gridlock. Somehow the White House has to learn to overcome its understandable dislike of Republicans such as Senator Phil Gramm of Texas, a man with the voice of a dentist's drill and a personality to match, and come to terms with the crafty minority leader, Senator Bob Dole, so adept at making trouble if not courted or cowed. As a very practical politician, Mr Clinton should know about compromise.

Not that the Democrats are necessarily much easier, especially the new, independent-minded freshman class. Of the barons, Mr Clinton already has his hands full with the resolute Sam Nunn of Georgia on the gay question. Even George Mitchell, the faithful majority leader, Pat Moynihan, of the finance committee, and Dan Rostenkowski, powerful chairman of the House ways and means committee, have started muttering disapproval about value-added taxes and investment credits.

Nor has he yet found cruising speed with another important Washington institution with the power to wound - big media. The fact that he has held only two formal presidential press conferences so far puzzles many because Mr Clinton is so articulate when thinking on his feet, so much the stimulating contrast to the men who went before him. Press relations with George Stephanopoulos, the smart and influential communications director, are frequently fractious, while lesser White House lights, schooled by last year's election campaign, point out with scorn that it is now technologically easier than



ever to bypass the Washington media establishment to get targeted messages across, which is exactly what Mr Clinton does all the time.

Indeed Mr Clinton is still playing pretty well in the heartland through his public speeches and other appearances, which repeatedly display his extraordinary ability to explain the complex in comprehensible and sometimes moving terms.

He is also making some serious friends at the state and local government levels, not simply by loosening the federal purse strings but by actively encouraging the sort of policy innovation that he feels appropriate for all forms of government. This should be no surprise, given his record in Arkansas and his recruitment to his cabinet of several members known for their state, not federal, experience.

But going over the head of Washington, where much policy and even

more comment is muted, is risky, and in the capital his administration has already been stretched painfully thin. At the last count he had nominated barely a third of the approximately 3,500 senior political appointments in his fief and many of these had still not been confirmed in office, a handful because of the typically mischievous delaying tactics of Senator Jesse Helms, the conservative curmudgeon.

But the real reason why this administration is barely forming is the determination of the White House (not the cabinet secretaries themselves) to follow the president's instructions and form a government that "looks like America" in its ethnic, gender and geographic diversity, all minus skeletons such as illegal nannies in their closets.

The net result has been much resentment, some ridicule and, worse, the occasional acute embarrassment. Whole departments, most obviously Justice, have been mostly run by brand new cabinet officers

assisted by Republican hold-overs, unaccountable political advisers and career civil servants without clout. This week's denouement in Waco found Janet Reno, the attorney-general fresh out of Miami and in office for barely a month, very short of institutional help; apart from a beleaguered FBI director, assumed to be on the way out. She was admired for immediately taking full responsibility. Mr Clinton rather less so for waiting a day to say the buck stopped on his desk.

From the outset it was clear that Mr Clinton, though comfortable in a collegial environment, intended to take most of the big decisions himself. He was involved, endlessly, in the nitty-gritty of the deficit reduction plan, is becoming more immersed in healthcare and will take nobody's recommendation on trust for the vacant Supreme Court nomination, especially after two botched attempts to find an attorney-general. Cynics point out that the last president to try and do everything himself was Jimmy Carter.

Foreign policy clearly interests Mr Clinton, as it does every president, and his maiden voyage in it, to Vancouver with Boris Yeltsin, showed him at his subtle best, artfully disguising that the Russian president was the supplicant by apologising for submarine collisions and old but extant US anti-Soviet trade laws. His speech before the summit, explaining why aid to Russia was in the US vital interest, was among his most thoughtful.

But, mostly, the unwavering Clinton's external message is that US national security in the post-cold war era must increasingly have a predominant economic component, and his own involvement appears all the greater when this element is to the fore - in developing US competitiveness, pursuing more vigorous market-opening trade policies and assisting Russia. In contrast to Mr Bush he appears to take no particular comfort in the company of foreign statesmen, entertaining them either to businesslike lunches or, in the case of Kichii Miyazawa, the Japanese prime minister, to a very pointed lecture on the way the world had changed.

With the additional current exception of Bosnia, Mr Clinton has chosen to leave most of the rest of routine foreign policy to his subordinates, under Warren Christopher, the very capable secretary of state, while the domestic agenda is being pursued. This new division does not always work. The Vancouver summit and its Tokyo follow-up also preoccupied Lloyd Bentsen, the Treasury secretary, who knows more about twisting arms in Washington than anyone. There was no one of equivalent clout left behind to lobby for the jobs bill.

Mr Clinton seems perfectly comfortable in the presidency, relishing his challenges, and the nation more accustomed to him in it, even if it still harbours doubts about his character. The great question is whether this one-man band (and his formidable wife) can keep it up, especially if the domestic agenda, such as the budget and healthcare, gets shredded and if foreign affairs refuse to be neatly compartmentalised offshore. It could all end in tears, but for the moment, and for the next 100 days, too, there is going to be more going on, for better and for worse, in America and its capital than most other places, much of it because of Bill Clinton. That would not have been predicted under George Bush.

Mr Jacques Attali, president of the European Bank for Reconstruction and Development, enjoys a reputation spanning several continents for grandeur in intellect and lifestyle. But, even as the storm clouds gather above him, he can also demonstrate phlegmatic humour.

At a news conference at the bank's London headquarters on Thursday, the man in the middle of the controversy about EBRD over-spending perched on the edge of a vast podium. It was as if a well-attired Sorbonne professor was doing his best to approach a bevy of slightly unsavoury students.

Mr Attali, who describes himself first as a writer, and only second as the president of an international bank, acknowledged it was not the first time - and it would not be the last - that he faced criticism.

The expectant crowd of journalists were tossed some finely-packaged understatement. "It's nice to see you all here today. But I would

He describes himself first as a writer, and only second as the president of an international bank

have preferred to find other ways of doing our advertising."

Two years ago, after serving for 10 years as special adviser to President Francois Mitterrand, Mr Attali was catapulted into the top job at the French-inspired bank, set up to channel western resources to the former Soviet bloc.

To weather the international rumour which has surfaced over allegations of EBRD mismanagement, Mr Attali will need reserves of both humour and stoicism.

He will also have to draw on resources which, in a mercurial career on the international governmental circuit, he has so far displayed in abundance: a well-honed capacity for rapid thinking, and friends in high places.

The panache demonstrated at

Thursday's press conference shows the quick-footedness is still intact. But, as irritation grows with Mr Attali's conduct among important EBRD shareholder governments, the friends are becoming a great deal thinner on the ground.

Described by his friends as a polymath visionary, by his adversaries as a jealous gadfly who plagiarises other people's ideas, Mr Attali attracts a wider range of emotions. "Jacques is a genius," one European ambassador said yesterday. He then described his government's annoyance about the bank's high spending at a time of recession in east and west. "All that marble and glitter is the wrong signal," he said.

Indicating the problems sometimes touched off by Mr Attali's high-handedness, the diplomat added that he and others had been irritated by being kept waiting by Mr Attali at the ceremony inaugurating the bank's expensive new headquarters last month.

One important EBRD director, who in the past has strongly defended Mr Attali, pointedly said yesterday that Mr Attali lacked the "experience of running international and national bureaucracies" to do his job properly.

Mr Attali, of febrile energy and bubbling mind, is a complex personality caught in a maze of contradictions. "He is a man of intelligence, culture and general aptitude," Mr Pierre Mauroy, President Mitterrand's first Socialist prime minister, said yesterday. "But he's more of a theoretician than a practical man."

"He's a man who provides ideas, but the problem is putting them into effect," said Mr Horst Teltschik, the former foreign policy adviser to Chancellor Helmut Kohl, who developed a good working relationship with Mr Attali during the 1980s - including during the helicopter negotiations on German reunification.

Mr Teltschik, now a board member at BMW, the Munich-based car company, recalls Mr Attali's proposals for the Group of Seven industrial countries to aid Bangladesh with a massive irrigation project. The proposals foundered on the complexities of rechanneling the country's rivers on the borders.

Mr Attali's capabilities as a writer

MAN IN THE NEWS: Jacques Attali

Jumping flash Jacques

David Marsh on the complicated boss of the EBRD



of books and film scripts are legendary, while his speeches shimmer with proposals for curbing the dangers facing the world. In view of the threat that eastern instability could spill westwards, he says a post-cold war "cultural change" in Europe is in the west's best interests: "We need a consensus for action - to make people dream and be frightened of what could happen in the 21st century."

The contradictions surrounding Mr Attali focus on the nature of the

bank's lending role in a difficult economic environment, as well as on the diverse expectations vested in it by its 56 shareholder governments. But, most of all, they concern the character of Mr Attali himself.

For long regarded as a power-broker who has used his closeness to Mr Mitterrand to further his own career, Mr Attali is starting to resemble a Machiavelli entangled in his own network of intrigue.

One of the more fascinating complexities concerns his own country. One banker in Paris yesterday said Mr Attali - born 49 years ago in Algeria into a French Jewish commercial family - remains an outsider on the French banking scene. "People believe he has come on too fast, that he's not a real banker."

The French capital is abuzz with "conspiracy theories", the banker added, that the allegations of the EBRD's budgetary misdemeanours have been leaked by the British authorities. In view of the recent

accession of a right-wing government in Paris, which has left Mr Mitterrand as Mr Attali's sole important protector, the revelations are hitting Mr Attali at a time of maximum vulnerability, the banker added.

Another Paris banking functionary says Paris financiers are displeased that the British government won the location of the EBRD in exchange for acceptance of Mr Attali as its first president. "The bank site is durable, but Mr Attali may not be."

Before he won the EBRD job, Mr Attali's ambition was to return to his previous university career. The varying nature of Mr Attali's talents was reflected in his biography written in 1985 of Sir Siegmund Warburg, the founder of the London bank which bears his name.

Mr Attali's description of the financier as "a man of influence... vigilant of the dangers in the world, a councillor of princes" throws considerable light on his own personality.

The book has been criticised by some reviewers. But Sir David Scholey, chairman of SG Warburg, yesterday described the book as "a generous impression of Sir Siegmund". Sir David added: "The book showed a lot about Attali's fascination with the role of Jewish banking families over the centuries in the state finances and state affairs of Europe."

In at least one case, however, Mr Attali's writing zeal has lengthened his list of enemies. He upset President George Bush with a book a few years ago predicting the US would decline under a mountain of debt, drugs and decay.

Within the bank itself, Mr Attali has a large number of supporters. Mr Ron Freeman, first vice-president in charge of merchant banking, who functions as joint number two to Mr Attali in the bank's hierarchy, says, "If I didn't approve of him, I wouldn't be working here. It's hard to imagine that anyone else taking over from day one could have got us so far, so quickly."

Mrs Margaret (now Baroness) Thatcher also had "a snaking admiration" for Mr Attali, according to Sir Charles Powell, now a director of London-based financial services

company Matheson. "Mrs Thatcher is not dissimilar - she can also sometimes trample over people's feelings," he said.

Sir Charles, who as the former British prime minister's private secretary from 1974 to 1981 forged ties with both Mr Attali and Mr Teltschik, says of Mr Attali: "I like him very much. He's very exhilarating, stimulating, infuriating, volatile and difficult to pin down."

Sir Charles highlights the cultural differences which, allied to Mr Attali's impetuosity and lack of experience of running organisations, have provided a principal cause of the EBRD's failure.

Reflecting on Mr Attali's well-publicised liking for executive jet travel, Sir Charles says: "He's a free spirit - he loves that sort of thing." In bilateral Anglo-French negotiations, "I would trundle over to Paris in British Airways tourist class, while Jacques would arrive in a presidential jet in Northolt aerodrome."

The same clash of national styles.

Attali, of febrile energy and bubbling mind, is a complex personality caught in a maze of contradictions

says Sir Charles, has led to the acrimony over the lavish fitting out of the EBRD building. "Attali is a man for the glory of France. He's entrenched in the tradition of the Versailles summit, extravagant public works on the back of national prosperity. And now he's come to a place with a different tradition."

Mr Attali's elevation to the helm of the EBRD two years ago seemed to catch the international mood. By appearing to ignore the shift to a less forgiving economic climate, Mr Attali may find, however, that the spirit of the times is moving against him. Practically, rather than vision, seem likely in future to provide the EBRD's guiding force.

Additional reporting by Peter Norman

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COMPANY NEWS: UK

Rewe buys 26% of Budgens

By Andrew Bolger and Neil Buckley

REWE, one of Germany's largest food retailers, has bought a 26 per cent stake in Budgens, a small UK food retailing chain, in a move which could step up the European assault on the discount end of British retailing.

Rewe is a private company which operates 8,000 stores and has 15 per cent of the German food market. Budgens has 100 supermarkets, mainly in the south-east of England.

The German group paid £23.5m for the Budgens stake to BIL Securities, the New Zealand investment company founded by Sir Ron Brierley. BIL and other institutional investors ousted Budgens' management in 1991 and installed a new German chief executive, Mr John von Spreckelsen. He has brought the struggling chain back to profit, but doubts have persisted about whether the group has a long-term future.

Mr von Spreckelsen said he would "look forward to developing the opportunities that will inevitably arise from such a strong European connection". He said it was too early to say what Rewe intended, but they wanted to be supported

ive shareholders and there was obvious scope for joint sourcing.

The German company will put a representative on the Budgens board.

Rewe currently operates more than 1,400 discount grocery outlets called Penny-Markt, as well as supermarkets and hypermarkets. Several European discounters, attracted by the high profit margins available in UK food retailing, have opened stores in the last three years, making discounting the fastest-growing area of the UK food market.

Aldi, Germany's largest food discounter, opened its first stores in the UK in 1980, followed quickly by Netto of Denmark. They now have 63 and 45 stores respectively and have announced ambitious expansion plans.

Carrefour, the French retail giant, opened its first Ed discount store in Maidstone, Kent, in January, and there is speculation in the retail trade that other European groups such as Carrefour's Tengelmann, Lidl & Schwarz, and Norma, are investigating the UK market.

Rewe paid BIL 55p each for the stake of £27.8m shares, a significant premium to yesterday's opening price of 46p. Budgens shares closed 3p



John von Spreckelsen: looks forward to developing opportunities

higher at 49p. BIL paid an average of 32p per share, so it showed a paper profit of about £10m on its investment.

Mr von Spreckelsen, who introduced the New Zealand-based company to Rewe, said: "BIL has been a very support-

ive shareholder. Their support for the company, in particular during the restructuring phase in 1991, has been outstanding. This said, we are delighted with Rewe's agreement to purchase and welcome them as new partners."

Dissidents oust Etonbrook board

By Tim But

REBEL shareholders at Etonbrook Properties yesterday wrested control of the former BES company from the board, ousted the directors and pledged expansion with new capital.

The board's removal at an extraordinary meeting marked the climax of a bitter 10-month struggle and a victory for property dealer Mr Andrew Perloff, the rebel leader.

Shareholders with 51 per cent of the 2.9m voting shares backed nine resolutions dismissing the board and appointing the rebel leaders as directors.

Welcoming the result, Mr Perloff - who with his associates owns 29.9 per cent of Etonbrook - said he hoped to provide "an exit route" at 79p a share for investors wishing to sell.

When he purchased a 19.4 per cent stake last summer, Mr Perloff paid 67p. The shares closed down 2p yesterday at 77p.

Speaking after the meeting, Mr Perloff warned there was no guarantee that he would now make a bid for Etonbrook.

He pledged instead to concentrate on generating income from the commercial property and warehouse portfolio and told shareholders that bankers had tentatively offered £10m to expand the business.

The outgoing board said the rebels had gained control "by the backdoor" and Mr Keith Moss, managing director, accused Mr Perloff of using the prospect of negotiating an agreed takeover to dilute opposition to his moves.

"We should have fought more aggressively. Shareholders were waiting for an agreed offer which wasn't forthcoming."

Mr Moss said. He also claimed the rebels had used delaying tactics during talks on a general offer so that the issue would not be resolved before yesterday's meeting, which was requisitioned last month.

Fighting the rebel action had cost the company up to £250,000 and prevented it from moving forward, he added.

Mr Perloff rejected the claims and blamed the delays on Etonbrook's failure to agree terms and a decision by the Takeover Panel not to allow a two stage takeover involving a partial offer at 79p followed by an offer for the rest at a price and time to be agreed.

The new board, meanwhile, announced plans to embark on a detailed study of Etonbrook's business and in particular its relationship with Palmerston Investment Trust, which holds more than 1m preference shares.

Fitch losses widen to £3.9m

A SHARP RISE in exceptional provisions left Fitch, a provider of design services, £3.9m in the red at the pre-tax level for the year to end-December, against £417,000.

The exceptional amount to £2.43m (£1.8m) and related to redundancies, unoccupied properties, property revaluation and expenses connected with the financial restructuring. However, the directors said the benefits brought about by

the restructuring were both concrete and substantial. The balance sheet had been "significantly reshaped and strengthened".

A share suspension last year had affected the second half with turnover for the year falling by 12 per cent from £18.1m to £15.92m, of which £1.62 related to discontinued activities. The financial restructuring, said turnover dropped to £82.3m (£87.8m). The dividend was again passed and losses per share were reduced to 11.2p (12.9p).

DIVIDENDS ANNOUNCED									
Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year				
Air London	1.5	June 11	1.5	-	3.5				
Berry Starquest	2.2	June 9	2	2.2	2				
British Assets	1.07	July 7	1.04	-	4.19				
Brit Empire Secs	0.25	June 11	0.25	-	0.99				
Cap Regional	0.87	-	0.7	1.1	1				
Fleming Cos Eur	2.7	July 27	2.2	2.7	2.8				
Govett Oriental	0.55	July 1	0.525	0.95	0.9				
Holt (Joseph)	31	June 18	26	41	35				
Investors Cap	1.275	June 9	1.275	12.5	12.5				
Jones Group	12.5	June 30	3	7.5	5				
Jupiter Tyndall	11.5	July 20	10.5	14	13				
Linton Park	5.5	July 2	5.5	7.5	7.5				
Slingsby (H-C)	0.24	July 1	0.2	-	0.4				
Usborne	1.2	June 1	1.2	-	0.4				
VTR	-	-	-	-	-				

Dividends shown pence per share net except where otherwise stated. †On increased capital. ‡US stock. * Second interim. † Irish pence.

LONDON RECENT ISSUES									
Issue Price	Annual Div	Latest Div	1993 Div	Stock	Change	Div	Div	Div	Div
171	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10
102	10	10	10	Anglo US Warrants	1.4	10	10	10	10

FIXED INTEREST STOCKS									
Issue Price	Annual Div	Latest Div	1993 Div	Stock	Change	Div	Div	Div	Div
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10
100	10	10	10	Anglo US Warrants	1.4	10	10	10	10

RIGHTS OFFERS									
Issue Price	Annual Div	Latest Div	1993 Div	Stock	Change	Div	Div	Div	Div
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10
550	10	10	10	Anglo US Warrants	1.4	10	10	10	10

1993 L. Estimated annual dividend, cover and price based on latest annual earnings. All dividends and yield based on price of 100p. 1993 L. Estimated annual dividend, cover and price based on latest annual earnings. All dividends and yield based on price of 100p. 1993 L. Estimated annual dividend, cover and price based on latest annual earnings. All dividends and yield based on price of 100p.

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Russian crisis hits Moscow Narodny

By John Gapper, Banking Correspondent

MOSCOW NARODNY, the project finance bank, suffered a pre-tax loss of £331m last year because of the Russian economic crisis, it emerged yesterday at the bank's annual meeting.

The shareholders, led by the Central Bank of Russia, were told that it made provisions of £239m against doubtful loans in 1992, raising provisions to 75 per cent of the book value of its loans in the former Soviet Union.

The loss is the largest declared by a UK bank for last year, outstripping Barclays' £241m pre-tax loss. Although Moscow Narodny is owned by Russian institutions, it is licensed and supervised by the Bank of England.

The bank said it believed it was now adequately provided for its exposure in Russia, and believed that it would not need to raise the level this year. Some of the £541m total provisions on its balance sheet might be released.

Russia's state-owned Bank for Economic Affairs last year spent £147m and £177m in hard currency on new preference shares to restore the bank's capital. Combined with the fall in asset values, this has maintained capital strength.

The bank's capital to risk-weighted asset ratio - a measure of capital strength - fell from 46 per cent to 33 per cent but remains well above the minimum of 8 per cent required by the Bank for International Settlements guidelines.

Mr Eddie Khamoo, head of financial accounting, said the bank was now well-capitalised and it was unlikely to have to raise provisions against assets in the former Soviet Union this year even if economies deteriorated further.

Mr Khamoo said some provisions had already been released, because Bank of England guidelines on provisioning against Russian assets were strict.

"We were very prudent, and provisions are likely to go down this year," he said.

Mr AP Semikoz, the bank's chairman, said in the annual report that inflation of 1,700 per cent and the fiscal deficit in Russia had reduced the bank's assets net of provisioning in the former Soviet Union from £541m in 1991 to £279m.

The bank reported a 15 per cent increase in operating profits to £12.3m. The loss before tax rose from £121m in 1991, while the post-tax loss increased from £119m to £136m. It did not pay a dividend.

from £97.5m to £101.3m. There was an extraordinary charge of £17.52m. Earnings slipped to 18.9p (20p) and the dividend is being held at 12.5p.

Dragon Oil will have £36m value

Dealings in Dragon Oil, formed through the takeover of Kirkland by Oliver Resources, are expected to begin next month in Dublin and London.

Dragon has conditionally agreed to raise £4m through a placing at 24p per share. A maximum of a further £4m will be raised by an open offer to shareholders at 24p on the basis of one-for-seven shares held. Based on the issue price, Dragon will have a market capitalisation of £36m.

Improving trend continues for VTR

VTR, the USM-quoted video editing group, improved its profits in the first half to February 28 1993, against the previous six months, and said the trend had continued into the present period.

Pre-tax profit for the opening half reached £202,000, against £158,000 in the preceding six months and £278,000 in the corresponding period of 1992.

Earnings per share came to 1.7p (2.4p) and the interim dividend is unchanged at 1.5p.

Joseph Holt 11% higher at £7m

Joseph Holt, the Manchester-based brewer, continued its growth in 1992 with turnover rising 14 per cent and pre-tax profit increasing 10.5 per cent.

Turnover came to £35.7m (£32.5m) and profit to £7.0m (£5.7m).

Earnings per share worked though at 154.49p (135.99p) and the dividend is stepped up to 41p (35p) with a final of 31p.

Since the mid-eighties, the company has moved towards doing more modification and safety-related work in the post-production stage. In 1989, OGC made pre-tax profits of £2.6m on sales of £76.21m. A surge of investment in new platforms and improved safety at the start of the nineties saw last year's pre-tax profits reach

Hi-Tec remains in loss and plans £5m restructure

By Angus Foster

HI-TEC Sports, the sportswear company, yesterday announced that it continued to lose money in the second half of last year and said it would restructure its European operations at a cost of about £5m.

One of Britain's largest sports shoe suppliers, Hi-Tec had hoped to return to profit in the second half after announcing interim losses of £2.5m. However, the company said that the second half would show a "relatively small" but "disappointing" loss when it announces results next month.

The shares, which have collapsed from 207p last May to 42p, analysts said the share price already reflected Hi-Tec's problems. These included the sudden resignation last month of two recently appointed non-executive directors, Sir Michael Edwards, a former chairman of British Leyland, and Mr Richard Fenhalls, former chief executive of Henry Ansbacher.

No Hi-Tec officer was available to comment, but the company said in a statement that its UK operations continued to suffer from pricing pressures. The US division performed well.

In Europe, sports shoe operations had made "substantial losses" and the company said it planned important, but unspecified, changes. Analysts said this could mean a withdrawal from some European markets and a greater use of agents in Europe.

The company said these decisions had been taken before the year end and the restructuring costs of £5m will be taken in last year's accounts.

Hoare Govett, Hi-Tec's corporate broker, was forecasting trading losses of up to £3.5m for last year, but a profit of £5m this year.

Hi-Tec has also appointed Mr Peter Butler as group finance director, a position left vacant since February. Mr Butler, a former chief financial officer of property and agribusiness company Berisford, has been granted 400,000 options at 50p. These can be exercised at 50p or above in three years time.

Hi-Tec was left without non-executive directors following the two resignations, but is understood to be still trying to recruit replacements.

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COMPANY NEWS: UK

Cleaning up for the market

Maggie Urry reports on Sir Phil Harris's float of Carpetright

THE re-emergence of Sir Phil Harris as chairman of a quoted company, through the flotation of Carpetright of London, due in the early summer at a value of around £75m to £100m, will bring back many memories for investors. Some of these will be happy, some less so.

Sir Phil seems determined that he will avoid some of the problems of his former company, Harris Queensway. That was eventually taken over for £450m in 1988, though not until Sir Phil had attempted a management buy-out.

Some investors who sold out when Sir Phil did made money, although Harris Queensway's peak market value was £500m before the 1987 crash. Those who stuck with Lowndes Queensway, as it became, lost their money when it failed in 1990. High interest rates put up the cost of its debt at the same time as hitting consumer spending.

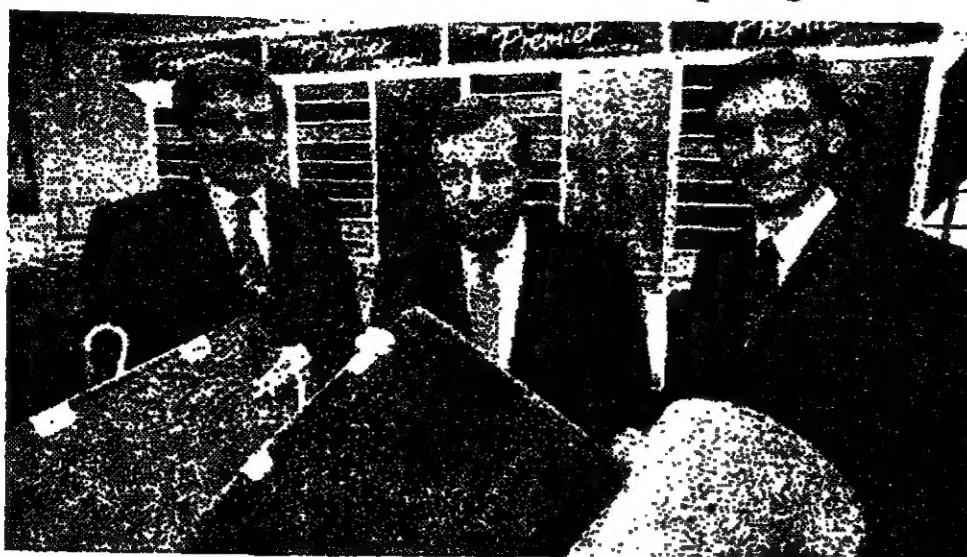
Even before the takeover, Harris Queensway was a classic 1980s retail story. It had expanded rapidly through takeovers - Sir Phil says he did so in all - and was the original focus of carpet retailing.

This time round, says Sir Phil, Carpetright is a "clean company". By that he means "no takeovers, all the shop leases are straightforward, new store opening costs are all written off at the time, any stock losses are taken straight away. It's a very simple structure - there's no complications".

Carpetright, he promises, will stick to selling carpets and not move into areas such as furniture, electrical goods, discount shops, even toys as Harris Queensway did. Takeovers are out, except for buying stores. For those of Sir Phil's followers who regard him as the "carpet king" that will be reassuring news.

Carpetright dates back to 1988, soon after the Harris Queensway takeover. Sir Phil refused to sign a non-competition agreement and was rapidly back in business. Because store sites were hard to get then, Carpetright was a joint venture with MFI Furniture, the retailer which floated last year, and opened stores on MFI sites.

At first Sir Phil did not take executive control, but early losses and the need for extra



Sir Phil Harris (centre) with Ian Sneyd (left), finance director, and sales director John Kitching

finance brought him back to the chief executive job three years ago. He brought in a number of colleagues from Harris Queensway days.

Since then profits have risen sharply. A pre-tax figure of £351,000 in 1990-91 rose to £2.8m the next year. That was beaten in the first of the current year (to end April) when profit

reached £3.4m. The full year's figures will be shown in the prospectus, but analysts are looking for over £7m.

Sir Phil takes pride in saying "we've done it through a recession." The chain is now second place in the highly fragmented carpet market, and Sir Phil has plans to open another 22 to 25 shops a year, taking the total from the current 115 to 200 in the next three to four years.

That would take Carpetright's market share, he reckons, from 6 per cent to 13 to 15 per cent, giving it market leadership. It could be achieved with little addition to central

costs, he believes, and the implication is that profits growth will continue rapidly.

All that growth will be internally financed, he says, and the group has no debt. He also promises that given Carpetright's strong cash generation, "we will be generous with dividends".

The outlook seems rosy. But whether to sell his shares in the flotation. It would seem odd for MFI to retain a 20 per cent stake without keeping a seat on the board.

Mr Derek Hunt, who was chairman of Carpetright, and his colleague, Mr John Randall, who was a non-executive director, have both left the board. Mr Hunt says that they did not want to get involved in another float and were anxious to devote their time to MFI.

Sir Phil, his family and his charitable trusts will own about 40 per cent of the shares. However, this proportion is likely to reduce, as the charities sell shares to raise money. The prospectus will also say that Sir Phil could sell a limited number of shares each year for tax planning and charitable reasons.

Investors with long memories may need a little more reassurance about the strength and depth of management, and the financial controls at Carpetright, two perceived weaknesses of the former Harris Queensway.

On the plus side, as well as the projected growth in profits, there is the near perfect timing of the float just as the economic recovery appears to be getting underway. There is little doubt that so long as the issue is correctly priced, and the recent recovery in the housing market does not suddenly reverse, the float should be a success.

LIFE EQUITY OPTIONS

	DALLS					PUTS						CALLS					PUTS					
Option	Jan	Feb	Mar	Apr	May	Jan	Feb	Mar	Apr	May	Option	Jan	Feb	Mar	Apr	May	Option	Jan	Feb	Mar	Apr	May
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
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Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	33
Adia Lyons (750)	500	45	52	62	20	21	33	33	33	33	Adia Lyons (750)	500	45	52	62	20	21	33	33			

INTERNATIONAL COMPANIES AND FINANCE

IBM spins off unit with Zschau as its chairman

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines has spun off Adstar, its data storage business unit, and appointed Mr. Ed Zschau, a Silicon Valley entrepreneur and politician as chairman and chief executive.

Mr. Zschau is a former Republican Congressman and founder of System Industries, a data storage systems company. He will oversee Adstar's business strategy and financial performance. He has been made an IBM vice-president.

The move represents a step forward in IBM's plans to transform itself into a federation of independent business units. It could presage a public offering of Adstar stock or sale of an equity interest in the company to another party.

Adstar is one of IBM's most important business units, with 1992 sales of \$6.1bn and net earnings of \$247m. At the end of 1992, it employed almost 16,000 people at plants in the US, Europe and Asia.

As a stand-alone business it is the largest manufacturer of data storage products in the world.

This is IBM's first restructuring decision since the arrival of Mr. Louis Gerstner, who took up his post as IBM chair-



Louis Gerstner: first restructuring decision

man and chief executive on April 1.

The appointment of an outsider to head an IBM business unit is unprecedented. It suggests that Mr. Gerstner, himself the first non-IBM executive to be elected chairman, may be looking outside IBM to fill leading posts.

Mr. Zschau said that his goal at Adstar would be to "revolutionize the information storage industry and achieve exceptional commercial success."

"With entrepreneurial spirit, we'll create new products and new markets and move faster to leverage Adstar's unique resources."

Executives at Amag resign after heavy losses

By Ian Rodger in Zurich

THE chief executive and deputy chief executive of Austria Metall (Amag), the troubled Austrian aluminium company, have resigned following the publication of heavy losses for 1992.

Amag, a subsidiary of Austrian Industries, the state-owned industrial holding company, lost \$55.4bn (\$478m) last year on turnover of \$16.1bn.

Operating losses were \$2.6bn and there were extraordinary charges of \$2.7bn arising from the closure of its sole remaining aluminium smelter in Austria. In 1991, Amag had a pre-tax loss of \$20.8bn.

The company said that operating losses were caused mainly by the collapse in world aluminium prices. No improvement in results was foreseen this year.

It said that Mr. Peter Apfalter, the chief executive, and his deputy, Mr. Hans Koopman, offered to resign following intense and unfair media criticism of their management.

Amag's losses weighed heavily on Austrian Industries. At this week reported a net loss of \$4.8bn for 1992 compared with a net profit of \$2.5bn in the previous year. Its operating loss was \$2.6bn compared with a \$2.1bn profit.

Mr. Michael Sekyra, chief executive, said he hoped Amag would make profits at the operating level this year, and he expected that government subsidies to cover Amag's losses would stay within three-year budget, to the end of this year, of \$2.1bn.

Mr. Sekyra, who hoped to partially privatise AI, has embarked on a new round of restructuring to have the group concentrate in steel and engineering. He expected a further \$3.3bn in restructuring costs.

China Light improves 11%

HONG KONG LIGHT and Power, the Hong Kong utility controlled by the Kadokawa family, yesterday announced net earnings of HK\$1.73bn (US\$225m) for the six months to March 1993, an 11 per cent increase, writes Simon Davies in Hong Kong.

Domestic sales of electricity increased by 3.1 per cent, but sales to China increased 53 per cent, which helped to lift turnover by 14 per cent to HK\$6.36bn.

Japan banks weakened by appraisal losses on shares

By Robert Thomson in Tokyo

JAPAN'S leading banks yesterday announced large appraisal losses on their securities portfolios as the effects of the weakness of the stock market continued to echo through the financial system.

The losses, including ¥39.7bn (\$358m) at Mitsubishi Bank and ¥45.6bn at Sanwa Bank, and calculated at the close of the financial year last month, would have been higher but for a rise in Tokyo stock prices following the government's decision to pump extra pension and postal funds into the stock market.

Several banks announced downward revisions of their forecast profits. The results, to be formally announced next month, will reflect the stock appraisal losses, as well as the increasing burden of provisions and write-offs of non-performing loans.

Daiwa Bank indicated that pre-tax profits would fall about 10 per cent from the forecast ¥46bn, while Nippon Credit Bank, a long-term credit bank, said profit was likely to have fallen 60 per cent over the year to ¥28bn, down from a previ-

ous forecast of ¥37bn. Mitsubishi Bank said its profits "will show some decrease".

Other banks to record large appraisal losses for the period were the Long-Term Credit Bank of Japan with ¥39.5bn, the Bank of Tokyo, ¥36.8bn, the Industrial Bank of Japan, ¥36.3bn, and Sakura Bank, ¥35.2bn.

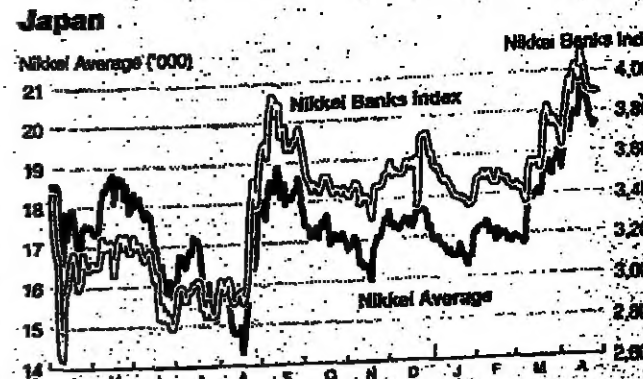
The finance ministry expected banks to write down their portfolios every six months, although the rule was waived for the Bank of Tokyo and the leading trust banks last September, when stock prices were particularly weak.

Mitsui Trust and Banking,

and Yasuda Trust and Banking have yet to announce their losses, while Toyo Trust and Banking reported a ¥22.8bn write-down, Sumitomo Trust and Banking, ¥19.6bn; Chuo Trust and Banking, ¥14.3bn; and Mitsubishi Trust and Banking, ¥10.5bn.

Japanese banks are fortunate that the decline in interest rates over the year has lifted their operating profits, but rates are close to bottoming and the banks will be under increasing pressure this year if share prices resume their fall.

The 31 leading banks are expected to announce that non-



Source: DataStream

performing loans at the end of March were about ¥15,000bn, up from ¥12,300bn in September. The new figure, representing about 4.5 per cent of total loans, does not indicate the true burden.

In calculating this figure, the banks do not count the fast rising number of loans on

which interest rates have been cut to almost zero in an attempt to support a troubled company.

Unofficially, Japanese banks' bad loans are estimated at ¥30,000bn, but they are being discouraged from large-scale write-offs by a nervous finance ministry.

Sumitomo and Fuji Bank debt downgraded

By Charles Leachester in Tokyo

SUMITOMO Bank and Fuji Bank, two of Japan's top commercial banks, yesterday had their long-term debt downgraded by Moody's, the US credit rating agency, to take account of exposure to the troubled property sector.

Moody's said that both

banks, which were among the strongest in Japan, would take time to reduce their bad debts and sell poor quality assets. It warned that their profits would be dampened for several years by bad debts.

The downgrades confirm that in spite of action by commercial banks to reduce their non-performing loans the banks will be dealing with

their bad debts for some time.

In the past year, Moody's has downgraded the long-term debt of 10 of the 17 top Japanese banks that it rates. The banks with the best rating are Dai-ichi Kangyo Bank, Sanwa Bank and the Bank of Tokyo, which all have A2 rating.

Moody's lowered Sumitomo Bank's senior debt rating as well as its rating for long-term

deposits, from A2 to A1. The long-term ratings of the bank's guaranteed international subsidiaries were lowered to A1 from A2.

Moody's said that the bank's long-term debt and deposits were downgraded to A1 from A2. Moody's said it was due to Fuji's exposure to the non-bank sector as well as construction and property lending which had soured.

Exxon earnings flat in first three months

By Karen Zagor in New York

EXXON, the world's biggest integrated oil company, yesterday posted essentially flat underlying earnings for the first three months of 1993.

Net income in the latest quarter was \$1.19bn, or 94 cents a share, including a one-time gain of \$47m from asset sales and tax credits outside the US. A year earlier, Exxon had net earnings of \$1.3bn, or \$1.03, including non-recurring gains of \$158m.

Revenue fell 2.3 per cent to \$27.36bn from \$27.91bn in the first three months of 1992.

Mr. Lawrence Rawl, Exxon's outgoing chairman, said the company's reduced operating expenses helped staunch earnings erosion in the quarter in spite of sluggish economic conditions in Exxon's leading markets.

On Wall Street, shares in Exxon slipped 4% to \$65 1/4

at mid-session yesterday.

During the first three months of 1993, Exxon benefited from higher crude oil prices and higher sales of chemical products. On the other hand, petroleum product and chemical margins were weak in the quarter.

Earnings from domestic exploration and production operations rose to \$238m in the quarter from \$123m a year earlier. Underlying earnings from non-US exploration and production operations were \$648m against \$659m last year.

Profits from refining and marketing operations in the US eased to \$21m from \$23m a year ago. Outside the US, refining and marketing operations brought in earnings of \$277m against \$339m a year ago, excluding one-time gains of \$115m in 1992.

Exxon's chemical operations had income of \$123m compared with \$151m the previous year.

Argentaria prices offering at Pta3,800

By Tom Burns in Madrid

ARGENTARIA, the state-owned Spanish banking corporation which is being partially privatised, yesterday priced its global public offering at Pta3,800 (\$32.75) a share. The pricing, at the upper end of the Pta3,500 to Pta3,950 range announced three weeks ago, reflected a strong demand.

More than 450,000 domestic retailers have registered their interest in acquiring Argentaria shares, a number that is in excess of double the number of total shareholders that the bank expected when it said it was putting 25 per cent of its equity on the market.

According to FG, the Madrid securities firm, demand for Argentaria paper in the US, where 4m shares are being offered, is about 1.5m shares. In the UK, demand is for about 15m shares where 3.5m shares are being offered. Morgan Stanley International is acting as co-ordinator in the placement.

The US public offering of 8m American depository shares, representing the 4m common shares, is expected to start shortly after the May 5 close of the subscription period for domestic retail investors.

Sulzer, Ebara seek pumps deal

By Andrew Baxter

SULZER, the Swiss engineering group, is continuing discussions with Ebara of Japan on a potentially important joint venture in pumps - more than a year after the two began co-operation talks.

Sulzer is one of Europe's largest producer of pumps, and Ebara is the dominant Japanese producer. A deal would represent a further step in the rationalisation and globalisation of the world pump industry.

Other big players include Weir of the UK, KSB of Germany and the Ingersoll-Dresser Pump joint venture in the US.

Dr Fritz Fahrli, Sulzer presi-

dent and chief executive, said in London that he hoped a deal could have been concluded by the end of last year.

He would not say why the talks were dragging on, or what form any co-operation would take. It appears that a global combination of the two pump businesses has not been ruled out.

Sulzer has pump factories at Leeds in England, Portland in Oregon, and in Germany, France, the Netherlands, Mexico and South Africa.

Profits for the pump division, part of the Sulzer Escher Wyss group of businesses, are not disclosed, but improved significantly last year. One reason

has been a strong turnaround to profitability at the Leeds plant, which employs 450 people and lost £1.3m (£2m) in 1990.

Dr Fahrli believes there is still room for further improvement in the pump division's profits, which could be aided by a tie-up with Ebara.

He disclosed that Sulzer was to retain and develop its Thermtec valves and control systems division for at least two years, following the collapse in February of its sale to ILM, the British industrial group. The business was non-core, he said, but could be damaged by any immediate attempt to find a new purchaser.

First dividend cut at Nomura since 1975

By Robert Thomson

NOMURA Securities, the leading Japanese securities house, plans to cut its annual dividend to ¥10 from ¥15 a year earlier. It is the first reduction since 1975 and a sign of the pressure on the broking industry.

The dividend announcement follows a forecast that the broker would report a pre-tax profit of zero for the year ending last month on revenue of ¥345bn (\$3.1bn), down from ¥421bn in the previous year.

Yamaichi Securities, another member of Japan's Big Four brokers, said that its annual dividend would be cut from ¥5 to ¥2.5. The other two, Daiwa Securities and Nikko Securities, have yet to make a dividend announcement.

None of the four is expecting a pre-tax profit for the year just ended and only Nomura is expecting a slim ¥2bn net profit. Nomura announced that unrealised losses on securities holdings in March were ¥12.1bn, less than the expected ¥15bn.

Japanese brokers were badly bruised by the generally weak turnover and prices on the Tokyo market last year.

Southam halves loss to C\$7.2m

By Robert Gibbons in Montreal

SOUTHAM, Canada's biggest newspaper group, yesterday said that its loss for the quarter ended March 31 had been halved to C\$7.2m from C\$14.1m.

The quarter showed a loss of C\$7.2m, or 11 cents a share, down from C\$14.1m, or 26 cents, a year earlier. Revenues totalled C\$272m against C\$274m.

Southam has restructured its national newspaper chain, sold printing assets and raised C\$180m for debt reduction by private placement of equity with Power Corp of Canada.

The newspapers showed a small operating profit in the latest period compared with a C\$4.1m loss. Advertising income was down 4.7 per cent on average. Business communications were profitable.

Coles, the company's bookstore arm, lost C\$2m against a

loss of C\$1.6m, in spite of a 10 per cent increase in revenues to C\$46m.

Southam says that because of the private placement it no longer needs to proceed with the rights offer. It expects to post a profit for 1993. Hollinger has 18.8 per cent of Southam. It is in the throes of selling half this stake for C\$72.3m (US\$111.34m) to The Telegraph UK newspaper which is 68 per cent owned by Hollinger.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	\$344.15	+5.3	\$336.85	\$339.75	\$326.05
Silver per troy oz.	\$252.25	-5.25	\$239.05	\$252.50	\$236.00
Aluminium 99.7% (cash)	\$1094.0	-17.0	\$1029.5	\$1236.5	\$1108.70
Copper Grade A (cash)	\$1192.0	-48.5	\$1282.5	\$1563.5	\$1240.5
Lead (cash)	\$270.5	-8.0	\$282.5	\$309.0	\$266.00
Nickel (cash)	\$8110.0	+235.0	\$7405.0	\$8540.0	\$5735.0
Zinc SHG (cash)	\$1006.0	-1.5	\$1006.0	\$1112.0	\$961.5
Tin (cash)	\$5565.0	+15.0	\$5565.0	\$5947.5	\$5255.0
Cocoa Futures (Jul)	\$281.0	-25.0	\$261.9	\$275.1	\$269.0
Coffee Futures (Jul)	\$95.5	-1.0	\$93.0	\$95.5	\$83.5
Sugar (LDP Ref)	\$293.1	+33.9	\$239.9	\$300.0	\$204.5
Barley Futures (Sep)	\$106.90	-0.05	\$111.95	\$110.30	\$108.50
Wheat Futures (Jul)	\$146.75	+1.50	\$125.80	\$149.45	\$138.85
Cotton Outlook A Index	\$60.90	-0.45	\$57.90	\$62.35	\$47.50
Oil (Brent Super)	\$42p	-13	\$48p	\$40p	\$35p
Oil (Brent Index)	\$16.95	+0.22	\$16.975	\$16.53	\$16.55

Per tonne unless otherwise stated. Unquoted, p=per cent, c=cents, b=1/100.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB/Norway)

Dubai \$18.38-4.40 +0.13

Brent Blend (dual) \$18.01-4.80 +0.14

Brent Blend (dual) \$18.08-4.80 +0.14

WTI (1 pm est) \$18.28-4.30 +0.17

Oil products

FWP prompt delivery per tonne CIF

Premium Gasoline \$208-210 +1

Gas Oil \$181-192 +0.5

Heavy Fuel Oil \$77-79 +0.5

Naphtha \$180-182

Refinery Argus Estimates

Other

Gold (per troy oz) \$344.15 +4.0

Silver (per troy oz) \$252.25 +2.0

Platinum (per troy oz) \$371.5 +0.0

Palladium (per troy oz) \$117.75 +2.25

Copper (US Producer) \$99.00 +0.5

Lead (US Producer) \$24.82 +0.01

Tin (Kuala Lumpur market) \$14.14 +0.01

Tin (New York) \$28.50 +1.0

Zinc (US Prime Western) \$22.50 +0.5

Cash (live weight) \$16.50p +1.13

Sheep (live weight) \$18.01p +4.87

Pigs (live weight) \$6.37p +2.44

SUGAR - London FOMC

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Peseta plunges inside ERM

SIX EUROPEAN central banks intervened on the foreign exchange markets yesterday, buying the Spanish peseta, after the currency plunged against the D-Mark in the exchange rate mechanism, writes James Bittz.

The peseta finished a disastrous week by falling through its central parity against the D-Mark of Ptas72.78 for the first time since its devaluation in November of last year.

The currency bottomed out at Ptas74.05 against the D-Mark, still some way above its lower ERM limit of Ptas72.78, and closed in London at Ptas73.67.

However, the fall came despite a second rise in two days in the Bank of Spain's intervention rate, this time to 15 per cent, and a level intervention that was deemed considerable for the illiquid peseta market. By the close of European trading, it had fallen 4 places in the ERM grid and

was classed as the weakest currency.

The belief that the peseta was ripe for devaluation was widespread in the market, the only question being as to the timing.

Mr Neil MacKinnon, an economist at Citibank in London, believes there is scope for a 5-10 per cent devaluation of the currency. He believes that the official forecast of 1 per cent growth this year is optimistic, and that there will be negative GDP of 0.5 per cent in 1993.

"There is a pressing need in Spain to bring interest rates down to about 7 per cent in the third quarter of this year from the current level of 15 per cent," he said.

However, the peseta's weakness is seen as an isolated incident in the ERM. Mr Steve Hannah, a director of IBA International, said that the falls in French and Danish money market rates in recent weeks are a sign of growing confidence in the hard core of the system.

The other focus of attention yesterday was on the dollar which fell sharply against the D-Mark following another poor US economic indicator.

Having failed to capitalise on Thursday's cut in the German discount rate, the dollar was weakened by a 3.7 per cent fall in US durable goods orders. The dollar bottomed out at DM1.5770 and later closed at DM1.5840, some 2 pence down on the day.

Sterling was a touch stronger against both the D-Mark and the dollar yesterday following retail sales figures for March. These rose a seasonally adjusted 0.5 per cent, giving a year on year rise of 4.1 per cent. The pound closed at DM1.5840 from a previous DM1.6065. Mr Avinash Persaud, an economist at UBS, believes the DM2.50 level will soon be breached.

IN NEW YORK

Apr 23	Latest	Previous
1 month	1.3720-1.3740	1.3690-1.3700
3 months	1.3650-1.3670	1.3620-1.3640
6 months	1.3580-1.3600	1.3550-1.3570
12 months	1.3510-1.3530	1.3480-1.3500

Forward rates and discounts apply to the US dollar.

STERLING INDEX

Apr 23	Latest	Previous
5.00	100.00	100.00
10.00	100.00	100.00
15.00	100.00	100.00
20.00	100.00	100.00
25.00	100.00	100.00
30.00	100.00	100.00
35.00	100.00	100.00
40.00	100.00	100.00
45.00	100.00	100.00
50.00	100.00	100.00

CURRENCY RATES

European Currencies Calculated on the 1980 rates as for Apr 23			
CURRENCY MOVEMENTS			
Apr 23	Bank of England Index	Monetar** Bureau Change %	
Starting	81.2	-22.32	
U.S. Dollar	83.4	-14.40	
Japanese Dollar	94.2	-8.18	
Swiss Franc	111.2	+16.68	
Deutsche Mark	116.8	-1.64	
Denmark Krone	118.1	+12.14	
D-Mark	124.8	+31.50	
French Franc	125.3	+11.52	
British Pound	119.3	+20.78	
French Franc	110.1	-6.44	
Yen	102.8	-25.28	
Italian Lira	108.5	+11.80	

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Continued on next page

BERMUDA (see BERMUDAS)

مكتبة من الكتب

Company	Period	Revenue	Expenses	Net Income	Assets	Liabilities	Equity	Debt	Equity
Apple Inc.	Q1 2024	120.0	75.0	45.0	150.0	80.0	70.0	10.0	70.0
Microsoft Corp.	Q1 2024	110.0	65.0	45.0	140.0	75.0	65.0	10.0	65.0
Amazon.com Inc.	Q1 2024	130.0	85.0	45.0	160.0	90.0	70.0	20.0	70.0
Google LLC	Q1 2024	140.0	90.0	50.0	170.0	100.0	70.0	30.0	70.0
Facebook Inc.	Q1 2024	100.0	60.0	40.0	130.0	70.0	60.0	10.0	60.0
Twitter Inc.	Q1 2024	20.0	15.0	5.0	30.0	15.0	15.0	0.0	15.0
LinkedIn Corp.	Q1 2024	30.0	20.0	10.0	40.0	20.0	20.0	0.0	20.0
Slack Technologies	Q1 2024	40.0	30.0	10.0	50.0	25.0	25.0	0.0	25.0
Zoom Video	Q1 2024	50.0	40.0	10.0	60.0	30.0	30.0	0.0	30.0
Dropbox Inc.	Q1 2024	60.0	50.0	10.0	70.0	35.0	35.0	0.0	35.0
Box Inc.	Q1 2024	70.0	60.0	10.0	80.0	40.0	40.0	0.0	40.0
OneDrive	Q1 2024	80.0	70.0	10.0	90.0	45.0	45.0	0.0	45.0
SharePoint	Q1 2024	90.0	80.0	10.0	100.0	50.0	50.0	0.0	50.0
Microsoft 365	Q1 2024	100.0	90.0	10.0	110.0	55.0	55.0	0.0	55.0
Office 365	Q1 2024	110.0	100.0	10.0	120.0	60.0	60.0	0.0	60.0
Windows 10	Q1 2024	120.0	110.0	10.0	130.0	65.0	65.0	0.0	65.0
Windows 11	Q1 2024	130.0	120.0	10.0	140.0	70.0	70.0	0.0	70.0
Windows 12	Q1 2024	140.0	130.0	10.0	150.0	75.0	75.0	0.0	75.0
Windows 13	Q1 2024	150.0	140.0	10.0	160.0	80.0	80.0	0.0	80.0
Windows 14	Q1 2024	160.0	150.0	10.0	170.0	85.0	85.0	0.0	85.0
Windows 15	Q1 2024	170.0	160.0	10.0	180.0	90.0	90.0	0.0	90.0
Windows 16	Q1 2024	180.0	170.0	10.0	190.0	95.0	95.0	0.0	95.0
Windows 17	Q1 2024	190.0	180.0	10.0	200.0	100.0	100.0	0.0	100.0
Windows 18	Q1 2024	200.0	190.0	10.0	210.0	105.0	105.0	0.0	105.0
Windows 19	Q1 2024	210.0	200.0	10.0	220.0	110.0	110.0	0.0	110.0
Windows 20	Q1 2024	220.0	210.0	10.0	230.0	115.0	115.0	0.0	115.0
Windows 21	Q1 2024	230.0	220.0	10.0	240.0	120.0	120.0	0.0	120.0
Windows 22	Q1 2024	240.0	230.0	10.0	250.0	125.0	125.0	0.0	125.0
Windows 23	Q1 2024	250.0	240.0	10.0	260.0	130.0	130.0	0.0	130.0
Windows 24	Q1 2024	260.0	250.0	10.0	270.0	135.0	135.0	0.0	135.0
Windows 25	Q1 2024	270.0	260.0	10.0	280.0	140.0	140.0	0.0	140.0
Windows 26	Q1 2024	280.0	270.0	10.0	290.0	145.0	145.0	0.0	145.0
Windows 27	Q1 2024	290.0	280.0	10.0	300.0	150.0	150.0	0.0	150.0
Windows 28	Q1 2024	300.0	290.0	10.0	310.0	155.0	155.0	0.0	155.0
Windows 29	Q1 2024	310.0	300.0	10.0	320.0	160.0	160.0	0.0	160.0
Windows 30	Q1 2024	320.0	310.0	10.0	330.0	165.0	165.0	0.0	165.0
Windows 31	Q1 2024	330.0	320.0	10.0	340.0	170.0	170.0	0.0	170.0
Windows 32	Q1 2024	340.0	330.0	10.0	350.0	175.0	175.0	0.0	175.0
Windows 33	Q1 2024	350.0	340.0	10.0					

AMERICA

Dow pressured by poor economic data

Wall Street

AFTER posting early losses on news of a big fall in durable goods orders, US share prices recovered some of their lost ground at midsession, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was down 12.16 at 3,417.01. The more broadly based Standard & Poor's 500 was down 1.41 at 438.05, while the Amex composite was 0.61 lower at 418.72, and the Nasdaq composite down 4.55 at 558.96. Trading volume on the NYSE was 156m

shares by 1 pm. Prices opened lower, dropping more than 20 points in the first 30 minutes as sentiment was pressured by selling in the futures market and by bad economic news. The Commerce Department reported that durable goods orders fell 3.7 per cent in March. Even accounting for the impact on orders of the severe March winter storms, the decline, the biggest in 15 months, was much bigger than forecast. Analysts had forecast a drop of about 0.5 per cent. The disappointing durable goods figures followed a string of weak data (including retail sales, industrial produc-

tion and employment numbers) which suggest that the economy has been cooling off lately. The markets were also undermined by trading activity in the stock index futures market. Traders pointed out that on Thursday S&P 500 futures closed at a discount to the price of the stocks underlying the index - a bad omen for the cash markets. Prices bounced back from their lows, however, and by early afternoon the loss on the Dow had been trimmed to single digits. American Express rose 2% to \$29 in volume of 1.6m shares

after the troubled financial services and travel group announced stronger than expected first quarter operating earnings of 75 cents a share. Investors were pleased by the improved performance of its credit card and investment banking operations. Bank stocks, which have been riding high all year in anticipation of improved profitability, continue to suffer as investors took profits and expressed concern about the earnings outlook. Chemical fell 4% to \$32, Citicorp dropped 2% to \$27, Banc One gave up 2% at \$54 and Bank-

America fell \$1 to \$47. Cyclical stocks were hit by the weak economic numbers. Minnesota Mining & Manufacturing fell 1% to \$113.4, International Paper gave up 1% at \$65.5 and Goodyear Tire fell 1% to \$73.75.

Canada

TORONTO posted marginal gains at midday, led by a rise in the gold sector. The TSE-300 index rose 6.09 to 3,671.80 in volume of 33.2m shares, valued at C\$259m. Gainers led losers 287 to 251, with 213 issues unchanged.

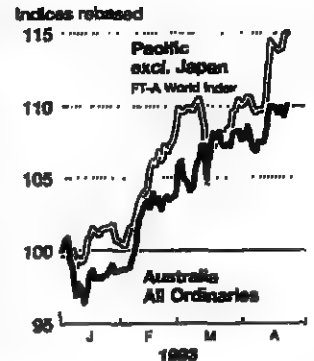
Bulls manage to jump hurdle at third attempt

Kevin Brown reports on the Australian market

There was no cheering, but there were plenty of signs of relief among brokers on Friday night after the Australian All Ordinaries index found sufficient strength to end the week above 1,700. It was a close run thing. In the end, the index closed 2.8 points down on the day, at 1,702.6. But it could have been worse: no less than three bull runs in the last 13 months have failed at the 1,700 hurdle. It is unclear whether the breaching of the barrier presages a sufficiently strong rally to take the index back to its peak of 2,300 achieved on the eve of the 1987 global stock markets crash.

Most observers think not; at least not yet. Nevertheless, the All Ordinaries is now 28 per cent above its end-1987 level, and 9.8 per cent above its close at the end of last year. The improvement has been across the board. Eighteen of the 23 sectoral indices showed an improvement over the 12 months to the end of March, compared with just three in the year to December, and 10 in the end-February year.

Clearly, the recovery is broadening as it gathers pace. And there are plenty of other reasons to be cheerful about the future. The market did not like the surprise re-election of Mr Paul Keating's Labor government on March 13 - the All Ordinaries dropped 35 to 1,628.4 on the first trading day after the poll. But the retreat was temporary, and there is little doubt that the election has eased the political uncertainty which was holding the market back.



Source: FT Graphics

Recovery from the 18 month recession in 1990/91 has been solid gains if the pace of recovery increases. (The fifth sector, metals excluding gold, is unlikely to show much improvement until the leading economies show signs of stronger growth.) Confidence is recovering rapidly. The latest survey of Australian industry by Dun & Bradstreet showed that business confidence leapt to a four year high in March, and a

EUROPE

Spain rises on prospects for devaluation

CENTRAL banks acted in concert to support the peseta, there were further interest rate cuts, particularly from France, and some investors began to worry about the outcome of Sunday's Russian referendum, writes Mark Smith in Madrid.

MADRID was volatile in early trading but regained positive territory later in the session. The general index ended 1.33 higher at 2,470.3, a 3 per cent gain on the week and a year's high, as turnover soared to nearly Ptas30bn.

Mr Chris Cooper of James Capel observed that it was rather a question of when, rather than if, the peseta was devalued, although the Socialist government had been clinging to a desire to hold off until after the June elections.

FT-SE Actuaries Share Indices

Index	April 23	April 22	April 21	April 20	April 19	April 18
FT-SE 100	1158.94	1158.73	1158.53	1158.72	1155.51	1158.59
FT-SE 250	1224.10	1223.53	1223.54	1223.64	1223.04	1223.60
FT-SE 350	1184.25	1183.71	1183.12	1183.12	1184.59	1185.01
FT-SE 450	1234.50	1234.52	1234.52	1234.73	1221.59	1217.23

Base value 1000 (20/09/85) January 1993 - 1180.25, 200 - 1220.00, 300 - 1158.18, 400 - 1260.00

or 3.5 per cent lower at BFR7.70. But the share subsequently picked up to BFR9.05 in the London after-market after suggestions that Elf was interested in increasing its stake. FRANKFURT lost ground in thin volume as investors remained on the sidelines. Traders, who had rushed to buy after the Bundesbank's cut in the discount rate, took profits to adjust their positions. The DAX index fell 9.64 to 1,857.10, falling 1.3 per cent on the week. Turnover was DM6.2bn.

Gains made in Thursday's post-bourse trading on the interest rate cuts were eroded across the board. Siemens fell DM7.1 to DM6.28.4 on speculation of lower than expected earnings figures to be announced next week. Linde was dragged down DM10 to DM7.51 in spite of higher than expected earnings forecasts announced on Thursday. MILAN rallied as speculators bought blue chip issues, encouraged by the Bank of Italy's move late on Thursday to cut the discount rate, and on hopes that the political outlook will become clearer over the weekend. The Comit index rose 2.43 to 531.63, for a weekly rise of 3.5 per cent, as the market waited to learn who President Oscar Luigi Scalfaro would appoint as a new prime minister following Mr Giuliano Amato's resignation.

Mr Michael Woodcock of Nikko Europe commented that the repo rate cut by the Bank of France had been expected and lent little support. In spite of the day's declines, he believes that the market will rise again next week to test the 2,000 level. Peugeot went against the trend with a rise of FRF22 to FRF64 as buyers came in after positive comments from Mr Jacques Calvet. However, some analysts feel that Mr Calvet's hopes of a slowdown in the fall in European car sales are too optimistic, since there would have to be a phenomenal recovery in the second half. Elf lost FRF12 to FRF87 on indirect confirmation that it would be interested in increasing its stake in Petrofina while among the financials Paribas outperformed with a rise of FRF3.80 to FRF4.25.

BRUSSELS met profit-taking amid uncertainty over the Russian referendum and the Bel-20 index dipped 17.92 to 1,223.94, for a weekly fall of 2.4 per cent. Petrofina dipped 6 per cent at one stage before closing BFR390

ASIA PACIFIC

Nikkei recovers as yen stabilises against \$

Tokyo

RENEWED buying by arbitrageurs and pension fund managers lifted equity prices in light volume, as the yen's rate against the dollar stabilised, writes Wayne Aponis in Tokyo.

The Nikkei average ended 112.84 higher at 19,704.15 - for a 2.9 per cent decline on the week - after trading between an intraday low of 19,554.66 and a high of 19,755.06. The Tokyo index of all first section issues closed 9.66 higher at 1,532.69, while in London, the ISE/Nikkei 50 index rose 2.21 to 1,209.77.

was one way to reduce Japan's trade imbalance. Investors bought futures contracts as the yen's climb against the dollar slowed, triggering arbitrage-related buying, which carried over into the cash market. Equity prices are now expected to trade within a tight range, while turnover on the first section of the Tokyo stock exchange is likely to remain light ahead of the Golden Week holiday at the end of next week. One analyst pegged the upside of the stock market at the 20,000 level, with support around 19,500.

Investors bought Nippon Telegraph and Telephone, which ended ¥19,000 higher at ¥192,000. Elsewhere, the stability of the yen boosted the consumer electronic sector. TDK gained ¥70 to ¥3,830, Matsushita Electric ¥20 to ¥1,330 and Sony ¥10 to ¥4,700. The financial sector also rose: Fuji Bank ¥50 to ¥2,040, Mitsubishi Bank ¥40 to ¥2,480 and the Bank of Tokyo ¥30 to ¥1,280.

Turnover was Bt7.2bn, the highest in two months. KUALA LUMPUR gained ground on renewed interest in speculative stocks after a strong week. The composite index, which hit an all-time high of 701.32 during intra-day trading on Thursday, closed up 0.2 to 691.65, or 4.4 per cent on the week. Volume rose to 345.7m shares from 337.5m. SINGAPORE ground as profit-taking emerged following the week's rally. The composite index eased 1.89 to 736.70, but posted a 4 per cent advance from the previous week. TAIWAN was also easier as investors took profits on Thursday's gains, prompted by the passage of the copyright laws in parliament. The weighted index closed 62.44 lower at 4,569.25, rising 0.7 per cent on the week. Turnover was T\$45.2bn.

Volumes was estimated at 320m shares, compared with Thursday's final 382m. Declines led advances by 536 to 496, with 157 issues unchanged. Foreign exchange considerations eased after comments by Mr Ron Brown, the US commerce secretary, that the yen's advance against the dollar this week was an exaggerated response to recent remarks made by Mr Bill Clinton, the US president, that a rising yen

declined 42.19 to end at 21,406.08 in volume of 18.4m shares. Roundup PACIFIC Rim markets were mixed yesterday with profit-taking much in evidence. HONG KONG closed a volatile week marginally lower on profit-taking amid the Singapore talks, due to end soon today. The Hang Seng index fell 8.30 to 6,750.94, up a marginal 0.1 per cent on the week. Turnover fell to HK\$4.1bn from HK\$6.1bn.

China Gas lost 30 cents to HK\$14.50 and HK Telecom shed 25 cents to HK\$9.95. China Light was unchanged at HK\$36.75 after reporting a rise in half-year net profit much in line with expectations. BANGKOK rose on heavy trading as investors regained confidence after the Securities and Exchange Commission filed charges for alleged share price manipulation. The SET index closed up 2.25 at 501.26, rising 1.6 per cent on the week.

NEW ZEALAND weakened on profit-taking after five successive rises with the NZSE-40 index falling 13.59 to 1,613.53. BOMBAY's fall gathered pace with the BSE index 58.29 lower at 2,100.67.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY APRIL 22 1993										WEDNESDAY APRIL 21 1993										DOLLAR INDEX		
	Index	Day's Change %	Pound Sterling Index	Yen Index	Local Currency Index	Index	Day's Change %	Pound Sterling Index	Yen Index	Local Currency Index	Index	Day's Change %	Pound Sterling Index	Yen Index	Local Currency Index	1993 Index	1992 Index	Year ago % (approx)					
Australia (69)	141.82	+0.5	126.83	98.51	118.45	132.15	+0.7	126.83	98.51	118.45	132.15	+0.7	126.83	98.51	118.45	144.18	137.18	146.97					
Austria (14)	142.74	+0.2	138.71	100.18	119.22	119.19	+0.1	138.71	100.18	119.22	119.19	+0.1	138.71	100.18	119.22	145.86	139.06	147.88					
Belgium (42)	151.91	-0.5	145.04	105.58	126.87	123.81	+0.0	145.04	105.58	126.87	123.81	+0.0	145.04	105.58	126.87	144.48	138.19	137.59					
Canada (110)	123.78	-0.1	118.25	88.95	103.38	113.07	+0.0	118.25	88.95	103.38	113.07	+0.0	118.25	88.95	103.38	141.11	128.31	131.00					
Denmark (23)	211.77	+0.0	202.83	148.59	176.88	177.28	+0.0	202.83	148.59	176.88	177.28	+0.0	202.83	148.59	176.88	147.00	131.49	137.59					
Finland (23)	87.94	+1.3	83.94	61.50	52.30	52.30	+0.0	83.94	61.50	52.30	52.30	+0.0	83.94	61.50	52.30	142.76	128.11	128.31					
France (89)	180.43	+0.4	163.65	112.66	105.81	105.81	+0.1	163.65	112.66	105.81	105.81	+0.1	163.65	112.66	105.81	145.86	131.49	137.59					
Germany (92)	114.94	+0.0	109.89	80.99	65.91	65.91	+0.0	109.89	80.99	65.91	65.91	+0.0	109.89	80.99	65.91	142.76	128.11	128.31					
Hong Kong (53)	269.81	-0.3	258.41	189.31	253.38	257.77	+0.3	258.41	189.31	253.38	257.77	+0.3	258.41	189.31	253.38	145.86	131.49	137.59					
Ireland (16)	182.40	-0.8	156.54	114.08	136.51	131.52	-0.8	156.54	114.08	136.51	131.52	-0.8	156.54	114.08	136.51	142.76	128.11	128.31					
Italy (73)	95.30	+2.2	82.55	45.82	54.54	74.47	+1.9	82.55	45.82	54.54	74.47	+1.9	82.55	45.82	54.54	142.76	128.11	128.31					
Japan (69)	136.86	-0.5	121.08	96.03	114.32	96.03	-0.5	121.08	96.03	114.32	96.03	-0.5	121.08	96.03	114.32	142.76	128.11	128.31					
Netherlands (24)	171.31	-0.5	154.56	113.28	104.78	104.78	-0.5	154.56	113.28	104.78	104.78	-0.5	154.56	113.28	104.78	142.76	128.11	128.31					
Mexico (14)	1013.74	-0.5	1045.56	1132.28	1047.88	1047.24	-0.5	1045.56	1132.28	1047.88	1047.24	-0.5	1045.56	1132.28	1047.88	142.76	128.11	128.31					
New Zealand (13)	48.87	+1.7	46.62	34.15	40.05	47.78	+1.7	46.62	34.15	40.05	47.78	+1.7	46.62	34.15	40.05	142.76	128.11	128.31					
Norway (22)	154.89	-0.2	148.18	108.54	122.92	122.92	-0.2	148.18	108.54	122.92	122.92	-0.2	148.18	108.54	122.92	142.76	128.11	128.31					
Spain (38)	172.19	-1.0	164.85	120.77	143.78	143.78	-1.0	164.85	120.77	143.78	143.78	-1.0	164.85	120.77	143.78	142.76	128.11	128.31					
South Africa (50)	123.55	-0.1	120.75	82.38	109.94	116.48	+0.1	120.75	82.38	109.94	116.48	+0.1	120.75	82.38	109.94	142.76	128.11	128.31					
Sweden (45)	131.64	+1.0	126.07	92.38	109.94	116.48	+1.0	126.07	92.38	109.94	116.48	+1.0	126.07	92.38	109.94	142.76	128.11	128.31					
Switzerland (59)	120.36	+0.2	115.27	84.45	108.76	108.76	+0.2	115.27	84.45	108.76	108.76	+0.2	115.27	84.45	108.76	142.76	128.11	128.31					
United Kingdom (219)	180.34	+1.2	172.72	128.52	150.81	172.72	+1.2	172.72	128.52	150.81	172.72	+1.2	172.72	128.52	150.81	142.76	128.11	128.31					
USA (519)	179.48	+0.9	171.87	125.92	143.89	173.46	+0.9	171.87	125.92	143.89	173.46	+0.9	171.87	125.92	143.89	142.76	128.11	128.31					
Europe (784)	147.00	+0.7	140.78	103.74	122.78	133.82	+0.4	140.78	103.74	122.78	133.82	+0.4	140.78	103.74	122.78	142.76	128.11	128.31					
Norfolk (114)	187.07	+0.7	154.25	113.01	134.53	154.53	+0.7	154.25	113.01	134.53	154.53	+0.7	154.25	113.01	134.53	142.76	128.11	128.31					
Pacific Basin (714)	141.04	-0.4	135.08	98.96	117.80	102.32	-0.4	135.08	98.96	117.80	102.32	-0.4	135.08	98.96	117.80	142.76	128.11	128.31					
Euro-Pacific (1477)	143.38	+0.1	137.30	100.58	119.73	116.33	-0.1	137.30	100.58	119.73	116.33	-0.1	137.30	100.58	119.73	142.76	128.11	128.31					
North America (629)	175.99	-0.9	168.55	123.50	147.02	174.95	-0.9	168.55	123.50	147.02	174.95	-0.9	168.55	123.50	147.02	142.76	128.11	128.31					
Europe Ex UK (546)	126.51	+0.1	121.19	88.78	105.69	111.85	+0.1	121.19	88.78	105.69	111.85	+0.1	121.19	88.78	105.69	142.76	128.11	128.31					
Pacific Ex Japan (248)	126.36	+0.1	117.47	127.98	152.34	165.82	+0.1	117.47	127.98	152.34	165.82	+0.1	117.47	127.98	152.34	142.76	128.11	128.31					
World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	142.76	128.11	128.31					
World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	142.76	128.11	128.31					
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World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	142.76	128.11	128.31					
World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	142.76	128.11	128.31					
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World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	142.76	128.11	128.31					
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World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	142.76	128.11	128.31					
World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	142.76	128.11	128.31					
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World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86	120.10	142.76	128.11	128.31					
World Ex UK (1565)	143.88	+0.0	137.80	100.86	120.10	117.25	+0.0	137.80	100.86														

ENGINEERING GENERAL - Co

BUILDING MATERIALS - Cont

ENGINEERING-GENERAL - Cont.**INVESTMENT TRUSTS - Con**[illegible]

Salveson (C) _____	f	371	+2	389
Scott Pickford _____	x	30	—	35

	Price	+ or -	1993
Alcon PI	229.4	-	157.0
Allyl Colloids	223	-	248
Amco Inc.	236	-	137.1
ASC	994	-	770
CCP	107	-	289
CTR Index AG	142	-	183
Dayan	1710	-	1718
Debra	194	-	201
Enviro	265	-	285
Vita	347	-	38

harmex	7	10	
curatol	24	25	51

[illegible]

Code	27	36
Code	85	93
Code	100	100

[illegible]

Dwight	311	+1	312	0
Stacy	311	-1	312	0
Stacy	311	+1	312	298

[illegible][illegible]

549	458	638.1	4.2	7.8
514	424.2	1,049	4.3	10.8

549	498	536.1	4.1	74																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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-12	1650	1150	422.5	-	-	Jul
-3	319	274	503.1	2.6	φ	Kaluzi Ash

[illegible]

63	82	2.40	-	-	Fuller Super	+
64	80	11.5	-	-	Island	+
65	80	4.75	1.5	-	Island	+

[illegible]

High	low	CapEm	Gr's	PYE	Huntingdon
172	140	19.6	5.8	8.7	Huntsleigh Tech

[illegible]

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Sedgwick	187	188	153	714
Steel Dangle J	220	281	218	103

[illegible]

1947-48	1120	-25	1247	754	000
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[illegible]

Other Scales	22	22	19	34
Barry	118	120	100	47
Mean Tot	22	22	19	34

[illegible]

STO Div PI	7412	12	75	-
STO Div PI	7412	12	75	-
STO Div PI	7412	12	75	-

[illegible][illegible]

237	2.3	144.1	23.8
340	2.1	473.8	104

53	0.3	144.1	28.6
340	2.1	473.9	28.6
48	-	-	-
12	-	22.4	42.6
20	1.7	43.1	29.6
131	1.5	120.6	29.6
63	4.2	100.4	13.6
39	3.9	122.7	0.6
374	-	-	-
176	6.3	100.9	-1.5
179	-	-	-
179	63	228.9	0.4
191	1.5	107.6	-0.1
59	5.9	26.4	-
14	-	-	-
374	-	-	-
792	11.0	90.0	13.9
105	2.9	90.0	13.9
87	-	-	-

128	LB	131.7	26
30	-	208.5	72.4

72	101	2.0
73	101	2.0
74	20.5	7.4
75	-	-
76	-	-
77	38.3	26.2
78	75.1	5.1
79	-	-
80	-	-
81	41.827.4	11.9
82	3.6	204.1
83	4.8	204.1
84	4.8	204.1
85	10.7	6.7
86	71.3	91.3
87	-	-
88	21	238.1
89	4.4	8.5
90	61	283.8
91	13	409.8
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133	21.3	-	-
349	-	559.7	24.9

[illegible][illegible]

3	1	58.7	54.1
15	0	51.5	54.4
6	0.6	50.6	54.1
10	0.6	50.6	54.1
103	1	148.8	61.8
38	0	148.2	71.8
16	0	50.8	58.8
4	4.2	115.8	102
157	1	208.8	73.1
10	13.8	108.8	23
1	1.2	345.3	57.8
1	4.4	344.3	57.8
37	0.5	30.3	81
40	2.2	775.8	20.1
1	1.3	324.3	5.5
1	2.5	304.3	28.4
1	3.2	22.3	73.1
1	1.2	188.8	28.4
1	2.2	22.3	22.3
1	6.1	81.3	23
1	8.1	417.3	19.6
1	9.0	44.3	24.5
11	10.2	102.4	10.2
1	9.1	39.3	25.8
164	18.0	175.8	58.7
8	4.7	115.8	4.3
1	4.3	115.8	4.3
18	18.0	122.8	58.7
1	4.0	371.8	13.8
1	13.0	240.8	68.1
1	29.0	118.8	73.8
1	5.8	245.8	51.7
1	8.1	81.3	81.3
1	3.8	160.4	12.7

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust Name	Price	Change	Yield	Div	Notes
Scottish Widows	185.5	+0.5	4.8	1.2	
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
Windsor	185.5	+0.5	4.8	1.2	

MERCHANT BANKS

Bank Name	Price	Change	Yield	Div	Notes
Barings	111.7	+0.7	4.8	1.2	
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	

OIL & GAS - Cont.

Company Name	Price	Change	Yield	Div	Notes
BP	111.7	+0.7	4.8	1.2	
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	

PACKAGING, PAPER & PRINTING - Cont.

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

TELEPHONE NETWORKS

Company Name	Price	Change	Yield	Div	Notes
British Telecom	111.7	+0.7	4.8	1.2	
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	

MINES - Cont.

Company Name	Price	Change	Yield	Div	Notes
Anglo American	111.7	+0.7	4.8	1.2	
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	

INVESTMENT COMPANIES

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

METALS & METAL FORMING

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

MISCELLANEOUS

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

OTHER FINANCIAL

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

PROPERTY

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

TRANSPORT

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

WATER

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

MEDIA

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

MOTORS

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

OTHER INDUSTRIALS

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

PACKAGING, PAPER & PRINTING

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

STORES

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

SOUTH AFRICANS

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

PLANTATIONS

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

OIL & GAS

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

MINES

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

TRANSPORT

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

WATER

Company Name	Price	Change	Yield	Div	Notes
Windsor	185.5	+0.5	4.8	1.2	
Scottish Widows	185.5	+0.5	4.8	1.2	
BP	111.7	+0.7	4.8	1.2	

GUIDE TO LONDON SHARE SERVICE

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Weekend FT

SECTION II

Weekend April 24/April 25 1993

The rebels who were silenced by the syringe

ARKADY Stepanchuk will never forget the cold November morning in 1961 when he was arrested by the KGB. He was just 18. His crime? Going to the French embassy to seek information about relatives who had fled to France during the second world war.

KGB agents then searched the one-room apartment where he lived with his parents and discovered a diary in which he had written: "Why do we need the cult of Lenin if we have Jesus Christ?" He was charged with "anti-Soviet agitation and propaganda" and confined to a ward reserved for dangerous patients in a Moscow psychiatric hospital.

There, he was diagnosed as schizophrenic and placed on the psychiatric register. This - one of many methods used by the state to keep track of its citizens' mental health - recorded all patients who received psychiatric treatment and often was used to deny people jobs, flats, a university education and the right to travel. "It stripped me of practically all my rights at the age of 18," Stepanchuk says. "I became a prisoner of this diagnosis."

In 1968, he requested another evaluation, thinking he would be found healthy and could resume a normal life. Instead - "just to be on the safe side," as Stepanchuk recalls, bitterly - the commission ruled he was psychopathic. "They said: 'Who can guarantee that you won't go to the embassy again?'" Frustrated and angry, he had no way of knowing that he would spend the next 27 years in and out of psychiatric hospitals.

Stepanchuk was released for the last time in 1988. A frail, withered man who looks older than his 46 years, he says no one, including the psychiatrists who treated him, ever questioned his sanity.

"It was all deliberate," he says. "They never believed that I was mentally ill. They told me that I was being held to keep me from resuming my activities."

Under the communists, hundreds, perhaps thousands, of political dissidents were forced to have "treatment" in psychiatric hospitals as a way to silence them. They were not the only ones. Many whose cases were never publicised suffered the same fate.

Yuri Neller, a psychiatrist at the Bekhtereva Psychoneurological Institute in St Petersburg, explains: "If someone was in someone else's way, if he argued with his boss, for example, his boss would say, 'Well, he is obviously schizophrenic' and order him to undergo a psychiatric evaluation." This, invariably, proved he was mentally ill and in need of compulsory treatment.

In spite of such abuses, leading reformers in Russia and Ukraine insist that the system is to blame, not individual psychiatrists. Under Soviet rule, psychiatry underwent a Kafkaesque metamorphosis in which it was transformed from a branch of medicine into a covert method of social control.

"It was a brutal, primitive system," says Stepanchuk, who was



Faces of despair: inside the geriatric ward of a Moscow psychiatric hospital where the days blur together. Many patients have forgotten what it is like to breathe fresh air or feel the warmth of the sun on their skin

injected forcibly with various drugs including sulazine, a powerful agent used widely on dissidents that causes fever, temporary paralysis and excruciating pain. "They didn't beat you. They used syringes instead."

Semyon Gluzman is an internationally-renowned psychiatrist and dissident who spent seven years in

labor camps and three in exile for protesting at the abuses of his profession. Now living again in his native Kiev, he says: "It is okay to sit here with you now and talk about these things but, back then, I went to prison and ruined my life. It was a cruel system. A person who wanted to work honestly had to pay for it by going to prison."

Reformers say the psychiatrists, seemingly the masters of the game, were all too aware that the rules could change, and the tables turn, at any moment. Stepanchuk bears

his tormentors no ill-will because, as he puts it: "If they hadn't done what they did to me, the same would have been done to them."

Laws intended to protect patients against these kinds of abuses have been passed in Russia already and similar legislation is being debated in Ukraine. The Russian law, based on US statutes, is the first ever to

Previously, it was not possible to appeal against a psychiatrist's ruling.

The old system mirrored 19th century America when the criterion there for involuntary commitment was a vague "need for treatment" as decided by one or two doctors, and there was no limit to the time a patient might spend in a psychiatric

changing the bleak reality of their daily lives will require more than just legislation. Many psychiatric hospitals, particularly those built before the revolution, come straight from the pages of Gothic novels.

Dark and cavernous, with double steel doors and thick iron bars on the windows, they look like prisons. In the geriatric ward of Moscow's Psychiatric Hospital No. 14, the stale air and the smell of urine create a stench that is overpowering.

Several of the patients, mostly men in their 60s, look emaciated and seem to drift in and out of consciousness.

A number lie amid their own excrement, their eyes vacant. One frail, wasted man with skin the colour of plaster moans, through hollow cheeks: "Mama, mama."

When asked how long they have been there, many say they do not know; the days are so similar that they have blurred together. Many have forgotten what it is like to breathe fresh air, or to take a walk and feel the warmth of the sun on their skin, for they are not allowed to go outside.

I saw a psychiatrist intercept a patient and his mother about to slip outside, stopping them just as they were about to open the door. "Where do you think you are going?" she bellowed. "You're not going anywhere. You're not allowed to take a walk." The man looked down at the floor, removed his jacket silently and walked slowly back to the room he shares with 16 other men. Asked why he was not permitted to talk a walk, the psychiatrist replied: "He might run away."

In another ward, an orderly told a patient to sit down. When he did not comply immediately, the orderly - a sturdy, buxom woman - yelled at him and shoved him into a chair.

In the insulin therapy ward of Moscow's Clinical Psychiatric Hospital No. 4, which was built in 1906, there are 11 patients, all young men in their early 30s. Their hands and feet are tied to their narrow metal beds with strips of cloth. Insulin therapy is a brutal, painful treatment method which has gone the way of the lobotomy in western countries but continues to be seen in Russia as a miracle cure for schizophrenia.

Continued on page VIII

Under Soviet rule, psychiatry was transformed into an instrument of repression. The rules are changing, but Lori Cydilo finds that hospitals remain grim, backward and deeply feared

grant legal rights to the mentally ill and gives them the right to "due process" of law before a decision is made on whether they should be sent to a psychiatric hospital for compulsory treatment.

It also places responsibility for this commitment with the courts, where reformers say it belongs, rather than leaving the decision solely to psychiatrists. It limits a patient's hospital stay to eight days while the case is being decided, and allows him legal recourse if he disagrees with the court's decision.

Statistics show that, until recently, patients committed involuntarily to psychiatric hospitals across the former Soviet Union stayed for long periods. According to Aleksandr Karpov, the former chief psychiatrist of the Soviet Union, the average stay in 1973 ranged from 56 days in Sverdlovsk Oblast to 248 days in the Udmurt Autonomous Republic in east-central European Russia.

Although the new law is an important step toward broadening the civil rights of the mentally ill,

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The Long View / Barry Riley

Gilt buyers beware



NEWS item one: British government borrowing reached an astonishing record for a single month of £9.5bn in March. News item two: the Bank of England has begun actively promoting government securities to private investors - for instance, by distributing 360,000 copies of a small investors' guide to gilts, and by placing special application forms in the newspapers to encourage private buyers' subscriptions to its monthly auctions of new gilts. The latest of these comes next Wednesday, a £3bn offer of five-year bonds.

We are not yet being asked to tell Sid, but it might come to that. Plainly, the Bank of England has done its sums and decided that it must market government debt more energetically to the personal sector. It has over £40bn of gilts to sell this financial year; and although the life assurance companies might invest £15bn, the pension funds, which have hardly any cash inflows at present, will not be significant buyers.

That leaves foreigners (who are, in most cases, unpredictable speculators), and the banks, which will not buy on any serious scale until money market rates are cut to 5 per cent or less - an event which, effectively, depends on further rate reductions by the Bundesbank. This is because the government fears that any weakness in sterling will ruin its chances of holding inflation below its self-imposed 4 per cent ceiling, so it will cut short-term interest rates decisively only if the continentals have moved first.

The Bank of England's easy option in the short term is, therefore, to go after private investors - at least, until the building societies start kicking up a bigger rumpus over unfair competition. Although, late in the 1980s, the personal sector was unloading gilts at the rate of around £2bn a year (at a time when the government was buying back its bonds for cancellation), last year it bought £3bn worth on top of £5bn invested in National Savings.

According to the Bank, as many as 80,000 eager savers have requested the new gilts booklet personally. "Gilts," they will read therein, "is short for gilt-edged securities. The stock market has given this name to British Government securities because of their reputation as one of the safest of investments. The British Government, over hundreds of years, has never failed to meet the interest and capital payments as they fall due."

Dodgy grammar apart, smart savers also will be uncomfortably aware that the Bank is being a little economical with the actuals. None of the following episodes constituted legal default, but they left investors badly bruised. In the 1988 conversion of the national debt, for example, holders of 3 per cent Consols were faced with the choice of a half-point cut in the coupon or repayment at par, which was a long way below the former market value.

After the second world war, inflation was the hazard, so that an investor foolish enough to buy the notorious undated Daltons (Rough Dalton was the Labour chancellor who forced long-term interest rates down to 2.5 per cent in 1946) would have lost 96 per cent of his purchasing power over the next 30 years. Finally, high income taxes and investment income surcharges have been used to penalise investors, climaxing in the 27s 3d in the pound tax rate on wealthy people's investment incomes imposed by Roy Jenkins in 1968.

But the motto of the successful investment salesman is - sometimes give a sucker an even break. In 1982, the gross rate of return on long-dated gilts (adding capital appreciation to income) was 17 per cent, and it had been very similar in 1981. It certainly beats the Halifax. Moreover, every now and then, gilts have a truly wonderful year as the market realises that real interest rates are much too high. The last was in 1982 as yields tumbled from 15.6 to 10.9 per cent, giving rise to a total return of 54 per cent for the year.

Gilt-edged bulls enthuse now at the prospect of another such bonanza as long yields collapse from 8.4 to, perhaps, 6 per cent. If that were to happen quickly, it could generate a one-year return of around 40 per cent. Remember, though, that the 1982 gilt-edged miracle followed Sir Geoffrey Howe's vicious 1981 Budget in which he confronted the borrowing problem grimly: the PSBR fell from £12.7bn in 1980-81 to £8.6bn in 1981-82. Moreover, unemployment was continuing to rise steadily in 1982, from 2.63m to 2.95m - always a comforting trend for bond holders. In contrast, we must now contend with the flabby policies of Norman Lamont, with the PSBR forecast to jump from £36.5bn to £50bn. Unemployment, surprisingly, has begun to fall.

The bygone era of personal investment, in which Consols formed the bedrock of every middle-class portfolio, will not return quickly. The soundness of gilts rested fundamentally not so much upon the creditworthiness of the government as on the underlying link of the currency to gold. After that safeguard went in the 1930s, and especially since sterling floated freely from the beginning of the 1970s, gilts became much more risky. The modern equivalents of Consols are index-linked gilts, which are safe but rather boring. Fixed interest gilts, on the other hand, have become casino securities, moving increasingly under the influence of the global bond fund managers who trade billions in a shadowy and rootless market in which government securities of different countries are given nicknames like cats, buns, and JGBs.

Coupon-clipping British small investors must appear much more attractive to the Bank of England than the global bond men, who will sell gilts short without mercy at the least sign of trouble. But when you overspend at the rate of £9.5bn a month, the loyal private punters are a side-show. You must solicit the international moneylenders and await your fate. At least they will not need a booklet. Private investors urged to buy gilts, Page IV

RAISED IN THE HIGHLANDS.



THE FAMOUS GROUSE FINEST SCOTCH WHISKY

QUALITY IN AN AGE OF CHANGE.

MARKETS

The Week Ahead Sid continues to do as he was told

By Maggie Urry

HI THERE, Sid. Woken up? Retail demand for new issues is on the rise again, after last summer's collapse. This week the public element of bus operator Stagecoach's float was nearly eight times subscribed, and other recent issues did well.

It has got to the point where one tabloid newspaper this week advised readers to apply for a particular flotation, saying the shares would rise sharply after the issue. Not an unreasonable tip - except that the particular issue has yet to be priced. As the banker involved said, he is hurt to be accused of mispricing an issue even before he has.

Flotations abound as companies are rushing to market before the Government's £2bn sale of its British Telecom stake in the summer, in which Sid will also be expected to do his stuff. And on Wednesday Imperial Chemical Industries gave further details of the demerger of Zeneca, its bioscience business, which involves raising £1.3bn.

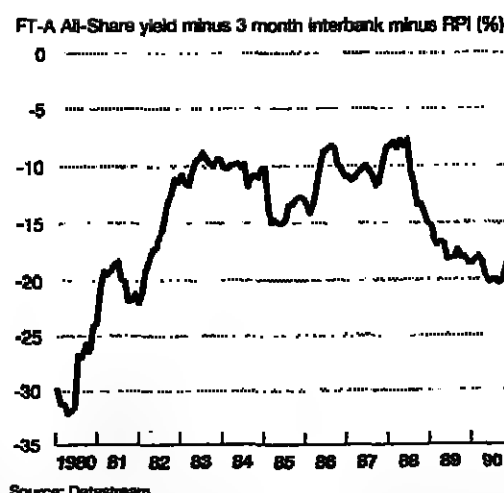
Add those to all the rights issues that have been coming - the total for the year to date already exceeds that for the whole of 1992 - and what do you get? An awful lot of equity coming on the market. And it is widely forecast that the government will want to raise £50bn in gilt-edged stock in the current financial year. Last year's public sector borrowing requirement was revealed on Tuesday to have been a record £36.5bn.

So what is wanted is some new source of demand. Now, the bulls of the stock market have been counting on overseas buyers to plug the gap. And there has certainly been some interest from them.

But I am indebted to the most irrepressibly bullish of them all, Nick Knight, and his colleague Chris Dillow, at Nomura Research Institute, for identifying another source of demand. Not Sid so much as his high-net-worth-individual cousin. Let us call him Gerald.

Between 1963 and the middle of 1991 there were only three

Why Gerald is buying



Source: Datastream

quarters when individuals were net buyers of equities. (Which three? answers at the foot of this column.) But in the last six recorded quarters, they have been net buyers for no fewer than five. And in 1992, individuals like Gerald bought more UK shares than non-bank institutions did - for the first time in more than 30 years.

Further evidence of Gerald's investment comes from the building societies. They have been complaining of a shortage of funds - and threatening a rise in mortgage rates. Their problem is not so much a lack of retail funds, but more a shortage of wholesale money.

But included in wholesale money is deposits of more than £50,000 by individuals. In other words, Gerald as well as Sid has been taking his money out and putting it into shares.

There is an obvious reason why. The yield he can get from

equities, of around 4 per cent, is not far short of what the building society is paying. Indeed if he picks his shares he can get a higher income from equities and hope for a capital gain too.

As the first chart shows, the real gap between the yield on the All-Share Index and money market interest rates is the lowest (least negative) it has been for donkey's years. And for good measure, the second chart shows the yield on the Footsie index falling below 4 per cent this week.

For the first four days of the week the market was rising. A stream of good news meant that by Friday morning all the headlines were saying that the recession was over and recovery had started.

The news included a second monthly fall in unemployment - quite a surprise since new jobs are supposed to lag recovery.

There are two explanations for this. Either it is a happy freak, and a happy coincidence for the Conservatives facing the Newbury by-election and the local government elections. The other - rather off-the-wall but distinctly cheerful idea - is that it is indeed a lagging indicator and shows that recovery began sometime last autumn.

At any rate next Monday's output figures should mark the official end of the recession.

Some of the other good news was: March car production in the UK was the highest for 19 years; there were cuts in interest rates in Germany and France; chess surveys came from the CBI and the British Chambers of Commerce; chirpy retail sales figures were published on Friday.

But by Friday this was all

too much for a market happier to travel hopefully than arrive. And the week ended with the Footsie at 2843.8, up 19.4 points over the week but down from Thursday's close of 2881.1.

That leaves the Footsie roughly where it was when the year started, and since then forecasts of recovery and of interest rate falls are on balance more optimistic. What has perhaps been lacking this week has been more optimism from companies.

On the plus side was Abbey National's annual meeting, where the chairman said mortgage enquiries were up and arrears down, and first quarter results from SmithKline Beecham, up 12 per cent pre-tax, and Zeneca, profits "usefully" ahead in the first quarter, whatever that means.

After weeks of under-performance for pharmaceutical stocks, when the ICI demerger was looking more and more foolish, there was a reversal this week. Zeneca may, after all, have timed its launch to perfection.

But on the negative tack, dividends are still being cut or paid uncovered; CE Heath, the insurance broker, discovered a nasty loss in Australia; and Hammerson, the property company, produced results even worse than the nothing great that was expected.

It may take more good news from the corporate sector, to add to the better economic news, to persuade equities to break upwards again.

■ The three quarters were: the fourth quarter of 1974, the second quarter of 1975 and the third quarter of 1987. Gerald can buy at the bottom as well as the top.

Serious Money

Spell out the risks as well as rewards

by Philip Coggan, personal finance editor

RISK IS at the heart of investment, but while many savers know that it exists, they find it hard to define. While they strive to safeguard their portfolios against the most obvious types of risk, more subtle dangers are sneaking in via the backdoor.

The most common mistake is to focus on the threat to nominal capital, while ignoring the effect of inflation. Accordingly many people leave the bulk of their capital in the building society, because the alternatives are "too risky".

But even at 4 per cent inflation - the top of the government's target range - the value of money halves in 18 years. So someone retiring now at the age of 60 might see a drop of 70 per cent or so in the value of their savings over their remaining lifetime. Given that the cost of care for the elderly will probably increase at a faster rate than prices elsewhere, this could eventually result in serious financial difficulties.

Income is just as affected by inflation as capital. Interest rates have fluctuated between 6 per cent and 15 per cent over the past 15 years. Anyone who has relied on their building society for income will accordingly have enjoyed a roller-coaster ride. The canny may have saved the excess income in the high interest years in order to spend it in low interest times like today; many will not have been so wise.

Of course, interest rates may well rise from their current levels. Nevertheless, over the long term there is no reason to expect increasing income from a building society. According to Moneyfacts, someone who invested £5,000 with Abbey National would have received a gross income of £33 per cent in 1978, compared with just 5.35 per cent now. Prices have nearly trebled over the period.

Contrast the position with equities. If you had invested

£10,000 in shares in 1980, your gross dividend income, initially £580, would by now be worth £2,016 per annum, a return of 20 per cent on your original investment.

By and large, share prices keep pace with inflation over the long term. BZW's equity price index, inflation-adjusted, reached a peak of 453.1 in 1936 (1918=100), fell back to 156.6 in 1952, rose again to 476.6 by 1968, before plunging alarmingly to 106.2 in 1975. At the end of 1992, the index was at 458.2. So even if you had bought at the market's inflation-adjusted peak in 1968, your capital has more or less kept pace with prices.

Dividend income, however, follows a much more steady upward path. The peak year, in real terms, for dividend income was 1991, when the index reached 382 (1918=100).

The long term real return for equities, according to BZW, is 7.3 per cent per year with income reinvested. So if capital values keep pace with inflation, the positive real return comes from an average dividend yield of 5 per cent plus 2 per cent of income growth, roughly equal to the long term economic growth rate.

The above analysis shows that in the long term, the real risks are taken by those who choose not to be in equities. But it would be wrong to suggest savers should rush out and invest all their capital in shares tomorrow.

For a start, equities do not look particularly cheap at present. The dividend yield on the All-Share Index is 3.9 per cent and the price-earnings ratio is 20.3. Economic recovery may have already arrived but the market has anticipated much of the benefits. So a phased, or savings scheme, approach to equity investment is sensible.

A more fundamental problem is choosing which shares to buy. Most investors will be aware of the "blue chips", so-called because of their qual-

ity and dependability.

But blue chips can let investors down, as US investors in IBM have found. Between the 1987 Crash and the end of January 1993, the computer group's market value fell by an astonishing 57.2bn. There is no example in the UK which is quite on the same scale, nevertheless, stocks such as BP, ICI, Land Securities, Pearson and P&O are still lower than they were before the Crash.

Some of today's blue chips will probably underperform on a similar scale; indeed it may well be that smaller companies are the sector to choose from. But for the small investor, stock selection is a difficult task which is why an investment trust, which owns a wide portfolio of shares, may well be the best bet.

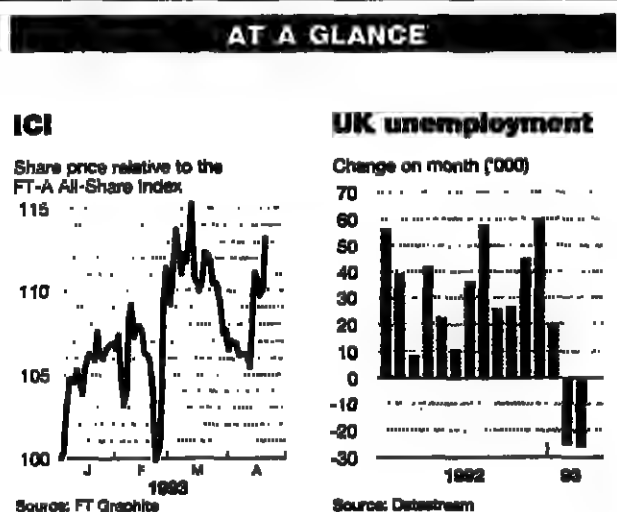
Even in this sector, there is a big difference between the capital shares of a split trust and an international generalist such as Bankers or Foreign & Colonial.

Robert Fleming, one of the largest investment trust management groups, took a step to help private investors make their choice by asking securities group Smith New Court to give risk ratings to its trusts.

They were ranked in four different categories - slightly below average risk (Continental European and Mercantile), average risk (Fleming, High Income and the units of the Income & Capital trust), slightly above average risk (Enterprise, European Fleeting and Claverhouse) and above average risk (the ordinary income share of the Income & Capital trust). Investors are also told which trusts offer capital growth, income or a combination of the two.

Other groups have attempted risk ratings like Fleming's and one hopes that more follow suit. As a wider public is tempted into equities, the risks, as well as the rewards, need to be spelled out.

HIGHLIGHTS OF THE WEEK					
	Price	Change	1993	1993	
	£/share	on week	High	Low	
FT-SE 100 Index	2843.8	+19.4	2957.3	2737.8	Evidence of economic recovery
FT-SE Mid 250 Index	3136.2	+33.4	3154.7	2876.3	Focus on second-liners
Abbey National	335	+23	405	345	Housing recovery hopes
Alexon	103	+20	105	85	Board changes
BPS Inds	231	+20	238	180	Goldman Sachs upgrades
British Aerospace	318½	+44½	318½	165	Handerson recommendation
Dixons	221	+28½	261	194½	Hoare Govett positive
Eurotunnel Units	428	-35	515	332	Delay in tunnel opening
GUS A	1584	+101	1726	1563	Stores sought on recovery talk
Hammerson Prop. A	289	-40	382	245	Poor results/drop hopes fade
Heath (CBI)	311	-21	370	293	Profits warning
Lucas Inds	1374d	+9	152	126	Bid speculation
Rolls-Royce	132	+9	139	99	MBS, Handerson recommendation
Smiths Inds	357	+31	384	320	Results/favourable outlook
Wimpey (G)	182	+26	184	107	Charterhouse, Pannone positive



Jobless total falls for second month running

Unemployment fell for the second month running in March, raising hopes that the recession is over. The seasonally adjusted jobless total fell by 26,000 to 2.44m. The Treasury said it was dangerous to read too much into any one month's figures and said it was still too early to say whether unemployment had peaked. The March drop in the seasonally adjusted total of people out of work followed a 25,500 drop in February and compared with City expectations of a 30,000 increase last month. The unadjusted jobless figure fell by 48,000 to 2.93m in March, below the politically important 3m mark.

ICI's rollercoaster

Imperial Chemical Industries, which this week published the pathfinder prospectus for the proposed demerger of Zeneca, has had a rollercoaster ride over the last four months. During mid-February, its shares suffered the same fate as those of the drug group, as investors registered fears about healthcare reforms in the US, Germany and Italy.

The turning point was reached when ICI's board announced it was going ahead with the Zeneca demerger, that it was guaranteeing the 1993 dividend at 55p, and was cutting 9,000 jobs. The shares rose sharply for most of March, until they fell back again on worries about effects of the slowdown of the continental economy on the chemical operations.

From mid-April, ICI's shares recovered again, with strong buying from US investors convinced the group will benefit from any economic recovery and an improved performance from the healthcare sector.

Increase in benefits

Social security benefits increased this month. The Benefits Agency, which is part of the Department of Social Security, has updated its guides for 1993. The Family Benefits series of leaflets are aimed at helping customers around the maze of social security and NHS benefits. Leaflets range from subjects such as *Babies and Benefits* (FB9) to *Retiring* (FB6). Copies are available in local social security benefits offices or can be obtained by telephoning 0800 686555.

Affinity credit card fee

Bank of Scotland is charging its Affinity credit card holders an annual fee of £7.50. The fee will appear on the May statements of existing customers and will be charged after six months to new customers. "The point has come where we can no longer do it for free. We have to make it viable," said Bank of Scotland, which launched its affinity card in 1990.

Affinity cards allow the card holder to make donations to charities or professional associations on a give-as-you-spend basis.

Nationwide postal account

A new postal account is being launched on Monday by Nationwide building society. The minimum investment for opening InvestDirect is £2,000. The account pays a tiered rate of interest of 5 per cent gross on amounts up to £10,000 through to 6.7 per cent gross on £100,000 and above. Interest rate details are available by calling 0800 400417. The account comes with a cashcard for cash withdrawals. See p19

Smaller companies rally goes on

Small company shares continued their 1993 rally this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 1.6 per cent from 1373.89 to 1395.37 over the week to April 22.

Results are in, investors unsure of the score

THE FIRST quarter reporting season is in full swing, and stock market investors are not sure what to make of it.

A week ago, the markets looked happy with the early earnings reports. Share prices were advancing to record levels, and by the start of this week the Dow Jones Industrial Average stood at 3,478.61, an all-time high.

Yet this week, the mood darkened, and shares fell on four consecutive days. By midday yesterday, the Dow was struggling to keep its head above 3,400.

The Dow's 2.3 per cent decline was mirrored by similar losses in the broader market. As of midday yesterday, the Standard & Poor's 500 index was down 2.4 per cent on the week.

Yet, anyone assuming that the markets' poor performance must have mirrored a poor first quarter performance from Corporate America would be mistaken. If anything, this week's raft of quarterly earnings were better, on average, than analysts and investors had been expecting.

Chrysler, for example,

posted earnings (excluding an accounting charge) of \$530m in the first quarter, a substantial turnaround from the \$13m loss the car maker suffered at the same stage of 1992.

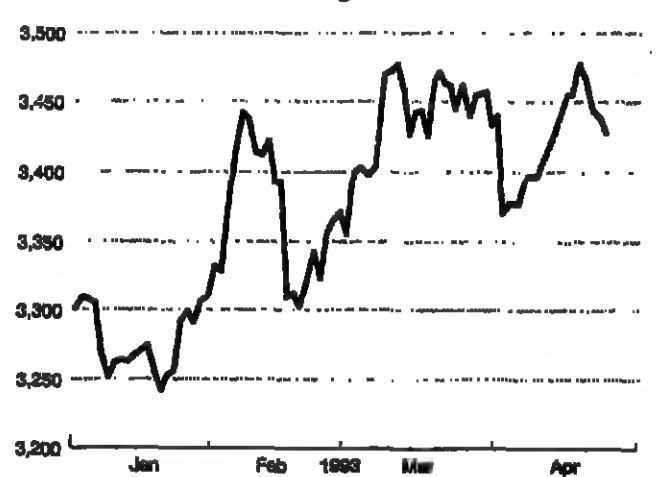
Another corporate giant, the retailer Sears Roebuck, also looked happy in the opening quarter, making record profits of \$435m as performance improved in almost all of its divisions.

Among other large companies to announce improved, or better-than-expected earnings in the January-March period, were several banks (Citicorp, Chemical, and Bankers Trust), the heavy equipment manufacturer Caterpillar, the telecommunications giant AT&T, and the financial services group American Express.

Even some companies operating in hostile business environments put on a good showing - aerospace and defence manufacturers McDonnell Douglas, General Dynamics and Northrop all did well, while most unlikely of all, airline group AMR (parent of American Airlines) offered a pleasant surprise in its first quarter report.

True, there was some bad

Dow Jones Industrial Average



Source: FT Graphite

news. IBM's results were in line with forecasts (a \$285m loss) and the computer manufacturer warned that the outlook remained cloudy, while United Technologies, Chemical Waste Management and Delta Air Lines all disappointed.

Overall, however, the first quarter reports were mostly on the positive side. So why did share prices fall?

In a word, valuations. The

S&P 500 is trading at about 23 times reported earnings, expensive by any standards. Even when measured by prospective earnings, shares look overpriced. The prospective price-earnings ratio of stocks, according to Value Line, the investment analysts, is currently around 18. As Value Line pointed out in its latest investment survey, the last time the markets peaked

before a big fall, in late August 1987, the prospective p/e ratio on its stocks was 16.8.

In other words, stocks are coming close to the sorts of valuations that in the past have warranted correcting, and correcting in a substantial fashion. Prices have climbed so high partly because of the billions of dollars flooding into equities from low-yielding short-term assets such as money market funds and bank certificates of deposit.

Yet stocks also look overvalued because in the past year investors built up their expectations of improved profitability so high, perhaps too high. This explains why stocks fell this week in spite of news of stronger earnings. Sure, profits have improved, but not enough to justify prices at these levels.

Equally important, investors are beginning to get the jitters about what will happen to earnings over the rest of the year. They worry that, like the economy, the upturn in corporate profitability over the last two quarters may prove to be only temporary.

Economic growth hit a peak

of 4.7 per cent in the final quarter of 1992. It will certainly fall when first quarter 1993 growth is reported. Moreover, growth could slow even more in the second quarter if the pattern of March's economic numbers (retail sales, employment, industrial production and durable goods orders were all weak last month) continues.

If the pace of the economic recovery is slowing, then growth in corporate profits will slow too. That makes stock market valuations even more difficult to justify at current levels. Which is why a growing number of investors and analysts are feeling uncomfortable about equities.

As the Astrologers Fund, those analysts who forecast stock prices by the movements of the moon and the stars, put it at the top of their latest this week: "The Sky is Falling".

Patrick Harverson

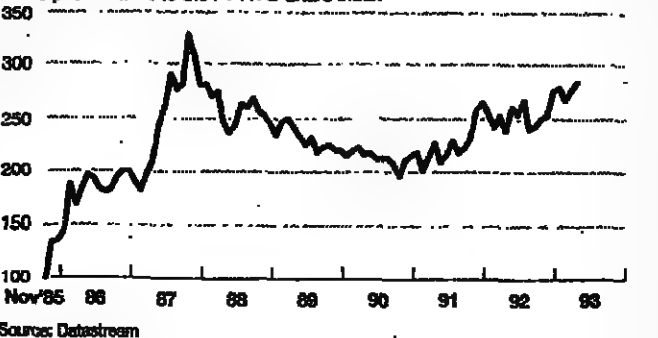
Monday	3468.99	- 11.02
Tuesday	3443.49	- 23.50
Wednesday	3439.44	- 4.05
Thursday	3429.17	- 10.27
Friday		

The Bottom Line / Roland Rudd

The lure of expensive paper

St Ives

Share price relative to the FT-A All-Share Index



Source: Datastream

October 1987. A lot of share-holders held on to their new shares until the price recovered and then sold, driving the price back down.

St Ives went on to make some small acquisitions in 1989, the last of which was a magazine printing company,

which made a loss before being turned around last year. The financial printing market also collapsed and the company's shares steadily declined and lost their premium rating.

After October 1990 the group regained all of its lost ground. Its market capitalisa-

tion jumped from £176m to £245m in 1991 and to £330m today.

Over the last three years the City decided that the unfortunate timing of the Burrows acquisition did not matter. It was a relative terms the group was doing well.

Further more, its decision to spend £130m over the past four years on some of the most advanced printing presses in the world looks to have been a wise one. Its high operational gearing should allow it to benefit quickly from the expected upturn. The printing presses are now running at almost 80 per cent of their capacity and should soon run at full speed.

The next phase is likely to see the company return to the acquisition trail. With a high rating and a war chest of more than £12m, St Ives is actively looking for opportunities in the UK and on the Continent.

Its brief history, since it went public, shows that St Ives has never made a bad acquisition. The timing of Burrows was mainly responsible for the disappointing second phase but, having been restructured, it proved a good buy.

Even the US subsidiary reversed a £278,000 first-half loss to a £304,000 profit for the half year to January 29. It should be making more, and Gavron believes it will.

The last phase of its history also shows that the company is capable of earnings growth without making acquisitions. It is also well managed as underlined by its financial position. Even after the adverse effect of currency movements, primarily in its US debt, of \$8.7m, it still ended the year with net cash of £12.6m.

Medium-term growth is likely to continue. The shares looked expensive in 1991 but continued to outperform over the next two years. It would be a mistake to buy the shares as a short-term gain. But the stock looks very attractive to anyone thinking of holding them for at least a few years.

مكتبة النجف

FINANCE AND THE FAMILY

Making the most of perks

Scheherazade Daneshkhu on the pros and cons of holding a gold card

HAVING a gold card was a mark of wealth in the yuppie days of the 1980s. Producing one to pay for goods or services made its owner feel good: it signified that his income was above average, and offered high spending limits plus other perks.

But with the recession causing many people to reassess their priorities, gold cards came under increasing scrutiny. And with the recession still biting, the question arises: are they now more of a liability than an asset?

To qualify for a gold card, you must have income of at least £20,000 (although the minimum at Robert Fleming is £40,000 and usually £75,000 at Coutts), so that issuers know you have the means to settle any large bills. But that has not stopped some issuers running into substantial bad debt problems.

Last December, American Express halved - to £5,000 - the overdraft facility for its gold card customers and it has suspended the facility altogether for new customers, at least for the time being. Unsecured lending above £2,500 also has been suspended for its green card customers in the UK.

Girobank has gone even further and last year withdrew its gold card for new customers altogether, although it says the reason was low demand.

Robert Fleming has its gold card to its Premier account. Unusually, it does not charge an annual fee but there are no perks on the card other than an overdraft facility at preferential rates. "Our research showed us that there is a significant market which does not want all the travel-related services," the bank said.

Some banks offer two types of gold card because of an agreement with American Express. Lloyds and Royal Bank of Scotland are among those which offer their own gold Mastercard or a gold

American Express card.

Charge cards
Most gold cards are charge cards where the balance has to be paid off in full within a certain period of receiving the statement. But some - including those of the Co-Operative bank, Lloyds and National Westminster - are credit cards. The advantage of charge cards is that there is no pre-set spending limit; thus, you do

not have to worry about running out of credit on an expensive holiday. There is also the discipline of knowing you have to settle the amount in full once the statement has arrived.

Some issuers, such as Bank of Scotland and Royal Bank of Scotland, insist on direct debits for settlements. Most levy penalties for late payment, but there is also the risk that the card will be withdrawn if this happens too often.

The main disadvantage of charge cards is that they have a higher annual fee than the credit variety, mainly around £70-£85; Barclays has just raised its levy from £70 to £80. Coutts charges £130, but

reduces that to £90 if it is paid by direct debit. But the annual fee is meant to be a charge for a whole range of perks. For many people, the most important of these will be the chance to borrow money at preferential rates and without the usual arrangement fee and other charges.

The box shows the rates offered on gold cards compared with standard authorised rates. While the perks on gold cards are many and varied, issuers have long assumed that holders - because of their incomes - tend to be frequent air travellers; thus, many of

obtaining cash advances from member banks at home, although most banks charge a 1.5 per cent handling fee on such advances. And gold cards often act as cheque guarantee cards for amounts (mostly) up to £500.

Some issuers have an emergency replacement service for lost or stolen cards. But charge cards are not usually covered by the Consumer Credit Act, which limits the cardholder's liability to £50.

Most issuers of charge cards promise their cardholder protection if their card is lost or stolen but cardholders are not covered by law should they fall into dispute with the issuer.

Credit cards
These cards have lower annual fees but do not offer the same range of benefits as charge-card gold cards. The Co-Operative has now issued 175,000 gold credit cards, much of the business stemming from its pledge never to introduce an annual fee.

Customers at Lloyds and National Westminster banks have the option of a "gold" bank account service which will offer a full range of perks for a higher annual fee. This type of account is offered also by the Royal Bank of Scotland.

Neither NatWest nor Lloyds offers a preferential overdraft rate on the gold card alone. Lloyds bank withdrew the facility last October; it says it wanted to avoid duplication with its gold service bank account. The preferential overdraft rate at the Co-Operative is only just over two percentage points lower than its standard rate.

The main advantage of these gold cards is that the minimum monthly credit limit is high even if it is not unlimited, and the cards do carry some travel-related perks. But if you possess a gold card out of habit, now could be the time to review how often you use its perks. This way, you can judge if it is worth paying the annual charges.



of interest by the banks concerned. Some are better than others. Barclays Premier quotes a preferential rate of 13.6 per cent (equivalent annual rate) compared with its standard rate of 19.2 EAR, but this is less favourable than, say, the 2.5 per cent over base rates offered by Bank of Scotland. With base rates at 8 per cent, this means paying 8.5 per cent instead of Bank of Scotland's standard overdraft rate of 18 per cent.

The preferential rates offered directly by Amex are particularly unappealing, although the company says it will be offering a new tiered structure by the end of the year to bene-

fit those gold card customers who have a good credit history. Preferential interest rates on Amex gold cards issued by other banks are cheaper: the rate on a Royal Bank of Scotland Amex gold card is 8.7 APR.

While the perks on gold cards are many and varied, issuers have long assumed that holders - because of their incomes - tend to be frequent air travellers; thus, many of

the perks are travel-related. But some of these are more useful than others. The fine print on Amex's travel accident insurance "shows that it applies only to those 'who are involved in an accident while travelling on a public conveyance.' But compensation for luggage delays or losses, and a refund of money spent on a holiday when the travel company fails, are attractive benefits.

Another good perk - which is offered by most gold cards - is purchase protection for goods bought with the card, usually for 90 days. There is the convenience, too, of being able to make cash withdrawals abroad and

What the gold cards offer you

CHARGE CARDS

American Express Gold card
Annual fee: £85; additional card: £35 a year
Interest rate: 2.5pc per month on overdue sums 40 days after statement date, then 3pc 60 days after statement date. Perks include:
● Loan facility charged at 22.4 APR on £1-5,000; 21.8 APR on £5,001-10,000 and 15.3 APR on £10,000 plus.
● Purchases covered for 90 days to £20,000 max.
● Travel accident insurance up to £250,000.
● Insurance for flight delays (£400 max), luggage delays (£200 max), lost luggage (£400 max); refund if travel company fails.
● Travel service; commission-free travellers cheques.
● 24 hour emergency card replacement service; Worldwide medical or legal emergency service.
● Liability limited to £20 if card lost or stolen.
● Cash withdrawal facility of up to £1,000.

Bank of Scotland Premier card (Visa)
Annual fee: £70 plus £10 initially; additional card: £10
Perks include:
● Reduced overdraft rate up to £15,000 of 2.5pc over base (authorised overdraft rate of 12 per cent over base).
● Cash withdrawal facility of up to £500 a day; advances of up to £7,500 from UK Visa member bank; £250 cheque card.
● Travel accident insurance of up to £250,000.
● Insurance for luggage loss (£1,000 max and £50 excess), travel delays (£180 max), emergency medical expenses (£100,000 max with £100 excess) and repatriation costs (unlimited). Up to £25,000 cover when abroad for accidental death or permanent disablement.
● Emergency cash/card replacement service.
● Discounts on Hertz car rental in UK and abroad.

Barclays Premier card (Visa)
Annual fee: £80; additional card: £10
Interest rate: 3 per cent per month if account not settled 14 days after statement date. Perks include:
● Overdraft facility of £2,500-£50,000 at 13.6 EAR (authorised rate 19.2 EAR).
● Purchase cover insurance to £50,000 max.
● Cash advances and withdrawals of £500 max; £100 cheque card.
● Free safe custody of closed boxes at bank branches.
● Free travel service; travellers cheques and forex can be ordered by phone and delivered by registered post.
● Travel accident insurance up to £250,000.
● Inconvenience insurance due to delayed luggage (£400 max) or travel delays (£200 max); Worldwide medical or legal emergency service.
● Lost card replacement service and emergency cash advance of up to \$5,000 in local currency.

Coutts Bank Gold card (Mastercard)
Annual fee: £120; additional card: £30
Interest rate: 3pc per month if account not settled by 15 days of statement date. Perks include:
● Overdraft facility up to £20,000 at 11pc pa (personal loan rate 25.9 APR).
● Cash machine withdrawal of up to £1,000 per week in UK and £350 per day abroad; £250 cheque card.
● Lost or stolen card replacement service with emergency cash of up to £750.
● Travel accident insurance up to £250,000.
● Insurance for luggage delay (£400 max), lost luggage (£2,500 max), personal money, travellers cheques loss (£500 max), emergency medical expenses (£2m max), travel delay (£250 max); Worldwide medical emergency service.

Co-Operative Bank Gold card (Visa)
Annual fee: £25; additional card: Free
Interest rate: 1.85pc a month (24.6 APR); by direct debit, 1.6 pc (20.98 APR). Perks include:
● £3,000 minimum credit limit.
● Personal loan of up to £10,000 at 16.8 APR (interest of 18.94 APR).
● Acts as £100 cheque guarantee card; Cash withdrawal facility worldwide.
● Travel accident insurance of up to £100,000.
● Emergency cash and card replacement service; Worldwide medical or legal emergency service.
● Reduction of 5pc on holidays.

Lloyds Bank Gold card (Mastercard)
Annual fee: £40; additional card: £10
Interest rate: 15.8 APR. Perks include:
● £2,500 minimum credit limit.
● Commission-free currency and travellers cheques.
● Travel accident insurance cover of up to £100,000.
● Purchases covered to 90 days up to £3,600 per claim.
● Emergency card replacement and loan of up to £750; Worldwide medical or legal emergency service.
● Cash machine withdrawals of up to £500 a day.

NatWest Visa Gold
Annual fee: £35; additional card: Free
Interest rate: 19.8 APR. Perks include:
● Minimum credit limit of £2,500.
● Cash withdrawal of £500 a week.
● Travel accident insurance of up to £75,000; Worldwide medical or legal emergency service.

● Purchase protection for 90 days up to £25,000 pa

Midland Gold (Mastercard)
Annual fee: £70; additional card: Free
Interest rate: 3 pc per month if account not settled within 25 days of statement date. Perks include:
● Overdraft facility of up to £2,500 at 2.5pc over base rate (authorised rate 17.4 APR).
● Cash machine withdrawal up to £1,000 a week in UK and £350 in local currency abroad; £350 cheque card guarantee for encashment.
● Limited liability of £50 if card lost or stolen abroad.

● Purchase protection to 30 days to £10,000 max.
● Travel accident insurance up to £250,000.
● Travel insurance for luggage delay (£400 max), personal effects (£2,500 max) personal cash (£150 max), emergency medical expenses abroad (£2m max), travel delay (£200 max); refund if travel company fails; Worldwide emergency medical assistance.

● Travellers cheques and forex can be ordered by phone and posted to customer, subject to 1.5 pc handling fee; free travel service.

Royal Bank of Scotland Gold (Mastercard)
Annual fee: £25; additional card: Free
Interest rate: 1.5 pc per month if the account is not settled within 25 days of the statement date. Perks include:
● Cash machine withdrawals to £300 max a day in UK and £350 max abroad;
● Emergency replacement card service.
● Liability limited to £50 if card reported lost or stolen.
● Free travel accident cover of up to £50,000.

Robert Fleming Premier (Visa)
No annual fee. Perks include:
● Cash withdrawals of up to £1,000 a day.
● Overdraft facility of up to £10,000 at 2.5pc over base rate (8.9 EAR).

CREDIT CARDS
Co-Operative Bank Gold card (Visa)
Annual fee: £25; additional card: Free
Interest rate: 1.85pc a month (24.6 APR); by direct debit, 1.6 pc (20.98 APR). Perks include:
● £3,000 minimum credit limit.
● Personal loan of up to £10,000 at 16.8 APR (interest of 18.94 APR).
● Acts as £100 cheque guarantee card; Cash withdrawal facility worldwide.
● Travel accident insurance of up to £100,000.
● Emergency cash and card replacement service; Worldwide medical or legal emergency service.
● Reduction of 5pc on holidays.

Lloyds Bank Gold card (Mastercard)
Annual fee: £40; additional card: £10
Interest rate: 15.8 APR. Perks include:
● £2,500 minimum credit limit.
● Commission-free currency and travellers cheques.
● Travel accident insurance cover of up to £100,000.
● Purchases covered to 90 days up to £3,600 per claim.
● Emergency card replacement and loan of up to £750; Worldwide medical or legal emergency service.
● Cash machine withdrawals of up to £500 a day.

NatWest Visa Gold
Annual fee: £35; additional card: Free
Interest rate: 19.8 APR. Perks include:
● Minimum credit limit of £2,500.
● Cash withdrawal of £500 a week.
● Travel accident insurance of up to £75,000; Worldwide medical or legal emergency service.

S COTTISH Equitable's policyholders can be forgiven for feeling a bit confused. This week, their company announced that effective control would pass to Aegon, a Netherlands-based insurance giant. Policyholders must now vote to approve the switch. But how are they to know if they are getting a good deal?

It seems to offer a lot for with-profits policyholders: £200m in capital will be injected into the with-profits pool with no strings attached. The structure of the acquisition will leave Scottish Equitable with many of the characteristics of a mutual life insurance company.

In a mutual, all profits belong to the policyholders and a portion is passed along as bonus, with the remainder locked away in reserves. SE's deal will put a "ring fence" around the with-profits pool, totalling about £2bn, and all its profits

When even the experts are confused

Norma Cohen uncovers some nagging worries as Scottish Equitable goes Dutch

will be kept for the sole benefit of its policyholders with none going to the shareholder, Aegon.

In this sense, SE's "de-mutualisation" is more attractive for its policyholders than that of some other companies in which the acquiring company has been entitled to a portion - typically, 10 per cent - of the with-profits pool's profits or losses. Moreover, the £200m injection will ease the strain on SE's solvency ratios, allowing it to restructure its portfolio and move into higher-yielding assets such as equities.

This, in turn, should lead to higher bonuses, the reason being the way regulators judge the ability

of companies to pay these and otherwise "meet the reasonable expectations of policyholders." Companies must have assets of at least 4 per cent above liabilities, but those calculations include assumptions about sharp drops in prices for all classes of assets.

Because equities have to withstand a 26 per cent drop in prices, some companies with solvency margins of 10 to 15 per cent are having to increase their holdings of gilts and sell equities. At December 1992, Scottish Equitable had a solvency margin of 10 per cent and, at last July, was 60 per cent invested in UK gilts.

Policyholders are giving up the

right to 40 per cent of the gains made by the unit-linked side of SE's operations, which accounted for half of all the new business written last year. They will retain the right to 60 per cent of these profits although, as Aegon adds new capital, that share will fall to 50.2 per cent.

At present, with-profits policyholders are entitled to 100 per cent. But Aegon is also injecting £40m into the unit-linked portion of the business, which should help it become more profitable overall. Policyholders may find they have a smaller slice of a much larger pie with no resulting loss in profit. Also, policyholders effectively will be paid for the share of the profits

they are surrendering through a one-off bonus, likely to be roughly 40 per cent of one year's bonus payment.

All these are reasons why policyholders can take considerable comfort from the deal, but there are some nagging concerns.

First, shareholders may well ask if the price is fair - a question that stumps even the experts. Aegon is paying £240m, a price equal to the so-called "embedded value" of the portion of the business they will control, plus 10 times one year's earnings.

This embedded value is an estimate of the profit which will be released into policyholders' funds

over the life of each policy. But estimates of any pool's embedded value will vary greatly depending on actuarial assumptions about such things as morbidity, investment returns and expenses.

It is not possible to determine if the embedded value is realistic without reading the full actuarial valuation, and SE is not required to give that to policyholders - although it might choose to do so.

A voting trust will look after the interests of with-profits policyholders and will have the right to name directors of the overall organisation. It will have a "golden share" in that it can restrict certain kinds of actions by the main board.

But should the with-profits pool fall below 20 per cent of all business, the golden share will cease, although the trust will continue to administer the affairs of the pool.

The question is what role Scottish Equitable imagines with-profits business will play in its future. David Berridge, the group chief executive, says that half of all business written in 1992 was unit-linked.

The bulk of the rest was unitised with-profits, a product where policyholders join the with-profits pool. But a marketing shift could reduce the protection for with-profits policyholders over time, a nagging worry for some.

What will happen if policyholders do not approve the deal? Berridge has made clear that the company needs capital if it is to continue to grow. Without this, it will have to restrict its new business and limit payouts to policyholders - and that is something no one should want.

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FINANCE AND THE FAMILY

Private investors urged to buy gilts

Bank of England spreads the message as latest £3bn auction approaches, reports Philip Coggan

THE BANK of England is making special efforts to encourage private investors to take part in its latest auction of £3bn worth of gilts. The stock on offer pays a coupon (interest rate) of 7.25 per cent and will be redeemed in five years.

The Bank has been encouraged by the response to its recent booklet "on the gilt market for which it received 60,000 written or telephoned requests. Private investors are turning to gilts because many issues can offer returns higher than those available from building societies.

A special shortened prospectus for the issue will appear in national newspapers, designed for the use of private investors. The auction is divided into two competitive bids (for the institutions) and non-competitive

(for private investors). In the first, institutions will bid for the stock at a price of their choosing. The Bank will then accept the highest bids and allocate the stock accordingly.

Obviously, it would be difficult for private investors to go through this process. Instead, they are allocated stock at the weighted average of the prices achieved in the competitive tender.

Although this saves them from some tricky guesswork, it does mean they have to apply for stock without knowing the price they will pay. And the process is all the more complicated because the stock is issued in partly-paid form - two chunks worth 50 apiece.

The minimum non-competitive application allowed is for £1,000 nominal of stock (the maximum is

£500,000). But because of the partly-paid aspect, investors must send a cheque to the value of £53 for every £100 nominal - so the smallest cheque you can send is £530.

If the price achieved in the auction is £51 per £100, investors will be entitled to a refund. But they will then face a bill for the second payment - a further £50 for every £100 nominal - by May 20.

In other words, you send the Bank some money, it sends you some back - and then you send it some more. If the government really wants to encourage private investors to buy gilts, they could tidy up this ridiculously convoluted process.

Those who want to apply (the easiest way is to use one of the forms in the newspapers) will need to hurry. Applications must be sent to the Bank

of England, New Issues, P.O. Box 444, Gloucester GL1 1NP, to arrive no later than 10 am on Wednesday April 23. Cheques must be made out to the Bank of England and crossed "New Issues".

The advantage of investing in a new issue is that you avoid paying commission. You can also buy stock reasonably near to face value (many gilts are trading well above it) so that, if you hold the stock until maturity, you will incur only a minimal capital loss. Investors can have the stock placed on the National Savings register so that income can be paid gross.

A more fundamental question is whether it makes sense to buy the issue. Although the coupon is 7.25 per cent, the chances are that investors will have to pay a fraction above face value - bringing the redemption yield

down to 7 per cent. For basic-rate taxpayers, the running yield will be around 5.37 per cent - that compares with the 6.95 per cent net yield on £50,000 quoted by *Moneyfacts* for the best guaranteed income bond over the same period. Obviously, a GIB is a higher risk (although the Policyholders Protection Act safeguards 90 per cent of the investment) and is not a liquid security.

Much also depends on whether you believe interest rates will remain at low levels for five years. If they do not, you could be locked into a low-yielding investment. Even if you sell the gilt in the interim, you might not get what you paid for it.

Investing in Gilts: A Guide for the Small Investor. Available from post offices or from the Bank of England on 0800-616-514.

ABBEY National is to charge its customers for withdrawals from cash machines belonging to other members of the Link network. The fee will be 60p a time but there will be no charge for balance enquiries.

The measure, to take effect from June 7, applies only to those people with savings accounts and not to Abbey's current account customers. The society says that less than 4 per cent of its customers will be affected.

John Berry, the marketing director, explained: "The cost

Abbey closes a missing link

Clients face charge for withdrawals, says Scheherazade Daneshkhu

of processing customer transactions from non-Abbey National cash machines is currently borne by all of our customers and has risen considerably over the last few years.

"The new charge is simply a way of ensuring that the majority of customers are not faced with the prospect of continued cross-subsidisation."

When a Link cardholder

withdraws money from the cash machine of another bank or building society, the card issuer has to pay 43p to that bank or society plus another "few pennies" to Link itself.

Halifax, which joined the Link network in July 1989, has charged its customers for making withdrawals from non-Halifax machines from the beginning.

The Link withdrawal facility is provided on Halifax's Maxima current account and its Card cash account. The society says that since it has 1,600 machines, it decided its own customers would never be far from one. The cost is 60p per withdrawal.

Nationwide, which this week entered the postal account market dominated by the banks, has introduced a cash

withdrawal facility on the postal account. Customers will be able to use the society's 730 machines to make a maximum withdrawal of £250 a day but they will be charged 50p for doing so. The charge for making withdrawals from other Link member machines will be 51p.

Nationwide says that although it has highlighted the

cash withdrawal facility on the postal account, it is not designed to be (in the jargon) a transaction account but a high-interest postal account. "The charge is designed to reinforce that distinction. We don't encourage people to use it on a daily basis. It is there for peace of mind," adds Nationwide.

The society is considering introducing charges for customers of its other accounts with a Link card facility who use another society's Link machine. "The move by Abbey National will colour our thinking," Nationwide says.

News in Brief

A SPATE OF new fixed-rate mortgage offers came on the market this week, and Abbey National is offering two of them.

One is 6.99 per cent (8.3 apr) until October 31 1994; the other is 8.99 per cent (8.9 apr) until the end of January 2000. Both are offered on all types of mortgage and are portable.

There is a £250 non-refundable booking charge. Early redemption penalties are 60 days' interest for the former and 210 days' interest on the latter.

Nationwide has extended its two-year, fixed-rate mortgage to apply to all borrowers instead of only first-time buyers. The rate is fixed at 5.75 per cent in the first year and 6.75 per cent in the second (8.3 apr).

The maximum advance is 90 per cent of the property's value but borrowers must take out the society's mortgage payment cover policy.

The rate is available on endowment, pension and repayment loans and the arrangement fee is £195, with a penalty of six months' interest if the loan is redeemed in the first year and four months' in the second.

A three-year rate of 7.99 per cent (8.3 apr), fixed until June 30 1996, has been launched by Bradford & Bingley.

It is available on all types of mortgage but customers will have to take out two insurance-related products from the society. The booking fee on loans up to £100,000 is £295, and 0.3 per cent on higher amounts. The

early redemption penalty is three months.

A survey by the Alliance & Leicester building society shows that nearly 7m home-owners would like to move house. The results, released this week, follow research carried out before the Budget.

A quarter of those questioned - or 1.7m - believe they are likely to move within the next year; this compares with 1.5m who moved in 1992. More than one-third said they could not afford to move but over half over-estimated present mortgage rates.

"This is like a dam waiting to burst," said Peter White, group chief executive. "Factors holding people back include the effects of the econ-

omy, lack of job security and, surprisingly, the fact that many don't realise how cheap mortgages have become."

A new edition of the *Pep Performance Guide* has been issued by Chase de Vere. The charts, which are published quarterly, cover the period to April 1 1993. Around 600 unit and investment trust Peps are listed, together with those single company Peps where the underlying share is quoted on the FT-SE 100.

The leading unit trust Pep over three years is the Pep Progressive Accumulation, managed by St James's Place. It is followed by Perpetual's High Income Pep, Schroder's Enterprise Pep, Newton's General

Pep, and Perpetual's Pep Growth & Income.

In the investment trust sector, the five top performers were Ivory & Sims with its Personal Assets Pep, followed by River & Mercantile's Stepped Preference Pep, Moorgate's General Consolidated Stepped Preference Pep, Law Debenture's Pep and TR City of London Pep.

Chase de Vere singled out Perpetual's performance as standing out for its consistency throughout the charts.

Pep Performance Charts, second edition, from Chase de Vere Investments, 55 Lincoln's Inn Fields, London WC2A 3JX. Free with PEPGUIDE (£9.95 incl. p&p) or £2 (incl. p&p) to existing PEPGUIDE holders.

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CGT allowances for March sales

THE TABLE shows capital gains tax (CGT) allowances for assets sold in March. To use it, multiply the original cost of the asset for the figure shown for the month in which you bought it.

If you subtract the result from the proceeds of your sale, the balance will be your taxable gain or loss. Suppose that you bought some shares for £5,000 in February 1985 and sold them in March 1993 for £12,000. Multiplying the original cost by the February 1985 figure of 1.501 gives a total of £7,505.

Subtracting that from the proceeds of £12,000 gives a capital gain of £4,495, which is below the 1993-94 CGT allowance of £5,000. If you realised no other gains during the year, the profits should be tax-free. The threshold has been maintained at £5,000 for the 1993-94 tax year.

If you sell shares bought before April 6 1982, you should use the March 1982 figure. The RPI in March was 139.3.

CGT INDEXATION ALLOWANCES: MARCH

Month	1982	1983	1984	1985	1986	1987
January	-	1.898	1.804	1.827	1.447	1.393
February	-	1.879	1.597	1.515	1.442	1.357
March	1.753	1.676	1.592	1.501	1.401	1.385
April	1.719	1.653	1.571	1.470	1.426	1.368
May	1.707	1.646	1.568	1.463	1.424	1.367
June	1.702	1.642	1.562	1.460	1.424	1.367
July	1.701	1.639	1.563	1.460	1.426	1.368
August	1.701	1.639	1.563	1.460	1.424	1.364
September	1.702	1.619	1.546	1.460	1.417	1.360
October	1.693	1.613	1.536	1.457	1.415	1.354
November	1.685	1.607	1.532	1.452	1.403	1.347
December	1.686	1.603	1.533	1.450	1.398	1.348

Source: Inland Revenue

Month	1988	1989	1990	1991	1992	1993
January	1.946	1.256	1.166	1.070	1.027	1.010
February	1.243	1.246	1.167	1.064	1.022	1.004
March	1.538	1.240	1.147	1.080	1.019	-
April	1.517	1.219	1.114	1.047	1.004	-
May	1.512	1.211	1.104	1.043	1.000	-
June	1.507	1.207	1.099	1.039	1.000	-
July	1.508	1.206	1.099	1.041	1.004	-
August	1.291	1.205	1.097	1.039	1.003	-
September	1.295	1.195	1.077	1.035	1.000	-
October	1.272	1.186	1.069	1.031	1.000	-
November	1.286	1.176	1.072	1.027	1.000	-
December	1.293	1.173	1.072	1.027	1.001	-

Source: Inland Revenue

The Week Ahead

Imperial Chemical Industries, the UK's biggest manufacturer, reports first-quarter results on Thursday in the crucial run-up to floating Zeneca, its biotechnology subsidiary. Analysts expect pre-tax profits of about £180m compared with about £211m for the same period last year. They will be looking at the extent of the impact of the slowdown in continental Europe, particularly in fibres, as well as the upturn in films, polyurethanes and acrylics in the US. The extent of benefits from cost-cutting will also be watched carefully.

Tarmac is expected to announce 1992 pre-tax losses of up to £365m on Tuesday. The

company also is expected to adopt the FRS 3 accounting standard, which means that provisions of more than £300m will be taken above the line. The final dividend of 5.5p is expected to be maintained. The market will want to know what progress the company's disposal programme is making, particularly the planned sale of its waste disposal business.

With discount food retailers threatening the supermarket chains, investors will take a keen interest in results of Kwik Save on Thursday. Interim pre-tax profits could be up as much as 20 per cent to about £90m as more price-conscious consumers turn to it.

Company	Value of bid per share	Market price	Price before bid	Value of bid per share	Bidder
Aberdeen Pet.	16.0	18.16	18	7.68	Pittman
Academy Den.	87	87	78	3.68	Phillips
Academy Den.	58	58	44	9.72	SBC
Academy Den.	35	35	30	5.50	GPC Group
Brown Shipley	29	34	475	26.30	Savert Trust
Buckingham	2432	1920	225	2.40	Savert Trust
East Worcester	44	44	41	5.16	Helen
East Worcester	44	44	41	5.16	Helen
Gabriel	469	45	361	10.82	Cashel Capital
Heslons	19095	185	169	10.37	Albert Fisher
House of Larcose	42	27.5	-	21.61	Oliver Resources
Hunter Ship	585	31	29	3.30	Wile
Jordan AS	42	41.4	25.9	71.0	GE Capital
Plasma Int'l	200	195	175	99.0	Purolite
TR Europe	5	5	5	1.56	Calm Energy
Thames TV	5	5	5	1.56	Calm Energy
Toronto Tel.	5	5	5	1.56	Calm Energy

*All cases offer 10% cash advance. *For capital not already held. *Unconditional. *Based on 2.50 p per share. *20/25/30/35/40/45/50/55/60/65/70/75/80/85/90/95/100/105/110/115/120/125/130/135/140/145/150/155/160/165/170/175/180/185/190/195/200/205/210/215/220/225/230/235/240/245/250/255/260/265/270/275/280/285/290/295/300/305/310/315/320/325/330/335/340/345/350/355/360/365/370/375/380/385/390/395/400/405/410/415/420/425/430/435/440/445/450/455/460/465/470/475/480/485/490/495/500/505/510/515/520/525/530/535/540/545/550/555/560/565/570/575/580/585/590/595/600/605/610/615/620/625/630/635/640/645/650/655/660/665/670/675/680/685/690/695/700/705/710/715/720/725/730/735/740/745/750/755/760/765/770/775/780/785/790/795/800/805/810/815/820/825/830/835/840/845/850/855/860/865/870/875/880/885/890/895/900/905/910/915/920/925/930/935/940/945/950/955/960/965/970/975/980/985/990/995/1000/1005/1010/1015/1020/1025/1030/1035/1040/1045/1050/1055/1060/1065/1070/1075/1080/1085/1090/1095/1100/1105/1110/1115/1120/1125/1130/1135/1140/1145/1150/1155/1160/1165/1170/1175/1180/1185/1190/1195/1200/1205/1210/1215/1220/1225/1230/1235/1240/1245/1250/1255/1260/1265/1270/1275/1280/1285/1290/1295/1300/1305/1310/1315/1320/1325/1330/1335/1340/1345/1350/1355/1360/1365/1370/1375/1380/1385/1390/1395/1400/1405/1410/1415/1420/1425/1430/1435/1440/1445/1450/1455/1460/1465/1470/1475/1480/1485/1490/1495/1500/1505/1510/1515/1520/1525/1530/1535/1540/1545/1550/1555/1560/1565/1570/1575/1580/1585/1590/1595/1600/1605/1610/1615/1620/1625/1630/1635/1640/1645/1650/1655/1660/1665/1670/1675/1680/1685/1690/1695/1700/1705/1710/1715/1720/1725/1730/1735/1740/1745/1750/1755/1760/1765/1770/1775/1780/1785/1790/1795/1800/1805/1810/1815/1820/1825/1830/1835/1840/1845/1850/1855/1860/1865/1870/1875/1880/1885/1890/1895/1900/1905/1910/1915/1920/1925/1930/1935/1940/1945/1950/1955/1960/1965/1970/1975/1980/1985/1990/1995/2000/2005/2010/2015/2020/2025/2030/2035/2040/2045/2050/2055/2060/2065/2070/2075/2080/2085/2090/2095/2100/2105/2110/2115/2120/2125/2130/2135/2140/2145/2150/2155/2160/2165/2170/2175/2180/2185/2190/2195/2200/2205/2210/2215/2220/2225/2230/2235/2240/2245/2250/2255/2260/2265/2270/2275/2280/2285/2290/2295/2300/2305/2310/2315/2320/2325/2330/2335/2340/2345/2350/2355/2360/2365/2370/2375/2380/2385/2390/2395/2400/2405/2410/2415/2420/2425/2430/2435/2440/2445/2450/2455/2460/2465/2470/2475/2480/2485/2490/2495/2500/2505/2510/2515/2520/2525/2530/2535/2540/2545/2550/2555/2560/2565/2570/2575/2580/2585/2590/2595/2600/2605/2610/2615/2620/2625/2630/2635/2640/2645/2650/2655/2660/2665/2670/2675/2680/2685/2690/2695/2700/2705/2710/2715/2720/2725/2730/2735/2740/2745/2750/2755/2760/2765/2770/2775/2780/2785/2790/2795/2800/2805/2810/

FINANCE AND THE FAMILY

Investing in a 'cocktail'

Scheherazade Daneshkhu looks at international bond funds

SOME INVESTORS who want fixed incomes may well be looking beyond the UK. They could, for instance, be pessimistic about the outlook for gilt returns, believing the scope for further British interest rate cuts is limited and that the market will be flooded with a new supply of gilts.

International bond funds deal in bonds issued by other governments and foreign corporations. Net sales figures for the 10 largest international bond funds in the UK last year, according to the Financial Research Association, were £191.9m, up from £152.2m in 1991.

The table, produced from Microcap, shows the 10 largest international bond unit trusts with one-year performance figures. Schroder's Global Bond Fund is one of the 10 largest in the sector, but lacks a one-year record and is not included. The largest is Mercury Asset Management's Global Bond Fund, which has grown to more than £22m since its launch in January 1991.

Richard Royds, managing director of Mercury Fund Managers, says an international bond fund makes money for its investors in a "cocktail" of ways. It should find a market that offers the prospect for capital growth; it should aim for a reasonable yield to provide income for investors; and it should make money out of currency trading.

Investing in bonds denominated in a foreign currency does, of course, involve an extra layer of risk. If sterling rises against other currencies, the value of overseas bonds will fall in sterling terms. But sterling's decline late in 1992 means that the one-year performance figures shown in the table are higher than the investor would normally expect.

The average growth rate for the sector was 21.3 per cent and the top 10 funds, listed by size, all either matched or beat the sector average - with the exception of Providence Capital's Worldwide Bond Fund. It says the reason was its limited exposure to Japan, which

pushed up the yield on the fund but, given the yen's strength, resulted in lower performance.

At present, Mercury's Global Bond Fund is split geographically between 26 per cent in gilts, 27 per cent in Japan, 18 per cent in Spain, 13 per cent in France, 10 per cent in the US and 5 per cent in Australia. Royds says the Japanese exposure is a currency play, and US bonds are in favour because the company believes the dollar will strengthen against its present sterling level.

Managers see European bonds as particularly attractive because interest rates, while higher on the Continent than the UK, are expected to fall. The slide towards lower rates has begun, with the recent cut in France, but has yet to extend to high-yielding European government bond markets such as Italy and Spain.

Funds holding the high-yielding bond markets expect to make substantial capital gains as interest rates drop. Barclays Unicorn launched a European bond fund in January to take advantage of high real yields in Europe - with the hope of capital gain if/when German base rates are cut.

Some funds aim solely to provide capital growth. Beckman International, with a yield of 3.3 per cent in the year to April 1, is an accumulator fund which re-invests income automatically to provide capital gains.

Investors should not be seduced by high yields but should look at performance and charges. The standard fee is 5 per cent initial and 1 per cent annual. But there is a good deal of variation.

Mercury, for instance, has lowered its initial charge temporarily from 5 per cent to 4 per cent until July. Its annual charge is 1 per cent. The initial charge on Barclays Unicorn European fund is 3.5 per cent and 0.75 per cent annual.

Next: Offshore bond funds

Directors' Transactions

MOST OF THE trading activity by directors last week involved sales, and one-third of such transactions concerned the exercise and sale of options.

Philip Kay, the chief executive of City Centre Restaurants, sold 2m shares at 82p. He has halved his holding over the past year but retains 4m.

John Asprey, chairman of the goldsmith and jeweller Asprey, and managing director Naim Attallah sold 135,000 shares from their jointly-held Namara Retirement Fund at 283p. The shares were bought

back in August 1992 for 182p. Asprey still holds 49 per cent of the company and Attallah also retains a sizeable stake.

Keith Bradshaw, the chairman of Takara, the health care group, and Deverock Pritchard, the deputy chairman and managing director, sold 200,000 shares each to pay tax liabilities on sales made in September 1992, and on loans taken out to buy shares in the rights issue of September 1991. Both directors retain 11,556,096 each.

Colin Rogers, Directors Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Albe	Ent	10,000	13	1*
Asprey	Jew	135,000	382	1
Bilton	Prop	325,192	1,707	5*
Citycentre Rest	H&L	2,000,000	1,640	1
First Leisure	H&L	8,000	29	1
Hogg Group	InsB	11,899	23	1
Inchcape	BusE	212,250	1,284	1*
Lambert Horwath	Misc	5,000	19	1
Lloyds Bank	Bank	4,000	22	1
Martin Int	Text	50,000	46	1*
Mervier Swain	Ent	20,000	121	1
Microgen Holdings	Phar	20,020	30	1
Pfizer Holdings	Phar	112,293	498	1
Reckitt & Coleman	Hth	1,700	10	1
Shell Trans	O&G	183,000	1,073	2*
Sinclair (Wm)	Misc	11,000	28	2
Smith New Court	OffF	10,000	22	1
Sterling Publishing	Med	100,000	115	1*
Talson	Hth	400,000	940	2
Unilever	F&M	16,380	182	1
Wimpey (George)	C&C	8,892	10	1
PURCHASES				
Drayton Far East	IntF	600,000	880	1
Ewart	Prop	75,000	34	1
IMI	EngG	9,000	17	2
Park Food Group	F&M	8,020	17	2
Sheldon Jones	F&M	40,000	18	1
Stylo (Ltd vty)	Stor	10,000	13	1
United Industries	Med	131,708	28	1
Waco Group	Phar	25,000	26	1
Wellcome	Hth	2,000	14	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if a 100% subsequently sold, with a value over £10,000, information released by the Stock Exchange 13-16 April 1993). Source: Directors Ltd, The Inside Track, Edinburgh

Employee Share Schemes

Workers with a stake in success

MORE THAN 1m people are taking part in profit-related pay schemes, according to the government. This week, it launched a booklet publishing the various tax-efficient plans which encourage employees to help in promoting the financial health of their companies.

Profit-related pay, or PRP, is just one of the schemes mentioned in the booklet. All told, one fifth of the workforce is now covered by some kind of financial participation scheme. The main types are:

■ **Profit-related pay**
PRP schemes link part of an employee's earnings to the profitability of the company for which he works.

If it is a registered scheme, PRP is tax-free up to a limit of 20 per cent of pay or £4,000, whichever is the lower. The costs incurred by a company in setting up such a scheme are tax-deductible.

David Cohen, of City lawyer Paisner & Co., says many recent schemes have asked employees to sacrifice part of their basic pay in order to qualify for the profit-related element. The government believes PRP will encourage flexibility in pay levels and improve the labour market in the long run.

■ **Profit-sharing schemes**
A trust is set up by a company to which it gives cash (often

based on the group's profits); the money is tax-deductible for the firm.

The trust uses it to buy shares which it allocates free to employees who, so long as they hold the shares for at least five years, will not have to pay income tax on the proceeds. But capital gains tax

■ **SAYE share option schemes**
Employees can put aside up to £250 a month for five or seven years. The sum saved is deposited with a bank, building society or with National Savings and earns tax-free interest (in the form of a terminal bonus). At the end of the period chosen, the employee can either

■ **Employee share ownership plans**
A company sets up a trust which acquires and distributes shares to existing employees. Payments by the company to the trust qualify for corporation tax relief. Cohen says these trusts are designed for longer-term ownership, but do not have the same tax advantages for employees as a profit-sharing trust (although the two can be used in tandem).

The idea behind all these schemes is that, if workers have a stake in their employer, they will be motivated to work harder (and less likely to go on strike). As far as the employees are concerned, such schemes are normally paid on top of their basic salary - and any extra money (especially in a tax-free form) is welcome.

The SAYE scheme, although it involves investing your own money, is regarded generally as a highly attractive investment provided you can maintain your holding for the minimum of five years.

After the qualifying period is up, employees must decide

Philip Coggan explains how staff can promote their own company

could be payable, based on the increase over the initial value of the shares.

■ **Discretionary share option schemes**
These tend to be known as executive schemes, since they can be offered to selected employees. Executives are allocated options at a fixed price and pay with their own money. If they are held for three years, profits are not liable to income tax. But CGT is payable, based on the difference between the option and sale prices.

take the cash or use it to buy shares in the company.

The price set for the share purchase will be at a discount (normally 20 per cent) to the trading price at the start of the saving period. So, provided the company has not got into difficulty, there is a chance of a substantial profit on the shares. If not, the savings plan still provides a reasonable tax-free return, equivalent to 5.58 per cent over seven years. Rates on options granted before April 1 are more attractive.



whether to hold their shares or exchange them for cash. The danger is that if the employer goes bust, they could not only lose their job but the bulk of their savings as well.

On the other hand, shares tend to outperform the building society in the long run. If you have savings elsewhere, and you are confident about your company's financial strength, then a shareholding could be a very profitable long-term investment.

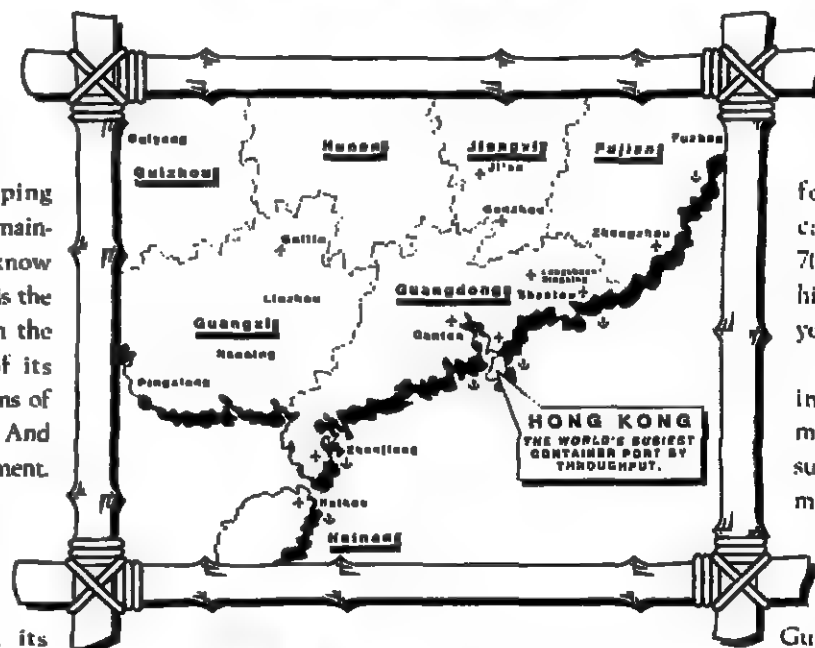
Shares acquired through an approved option scheme can be transferred directly into a single company Pep (without the normal bed and breakfasting costs) if the transfer is made within 90 days of the shares emerging from the scheme. Individuals can invest £3,000 in a single company Pep (in addition to a £5,000 general Pep holding) in any tax year. Returns within a Pep are free of income and capital gains tax.

*Sharing in Success: The Government's Employee Financial Participation Schemes. Copies available from the Press Office, HM Treasury, Parliament Street, London SW1P 3AG.

GUINNESS FLIGHT

CHINA. THE INVESTMENT OPPORTUNITY OF A LIFETIME.

PUT A TIGER IN YOUR PORTFOLIO.



Of all the developing countries situated around mainland China (the Chinese know them as 'tigers') Hong Kong is the best placed to benefit from the phenomenal expansion of its neighbour's economy. In terms of location, financial expertise, and resources available for investment.

How can the astute investor take advantage of this opportunity?

Guinness Flight's Hong Kong Fund, with its excellent track record, allows investors to tap into and benefit from China's potential for massive growth.

There are clear signs that a major shift in economic activity from west to east is now taking place, with China at the epicentre.

■ **FACT** Labour costs - less than 5% of USA's.

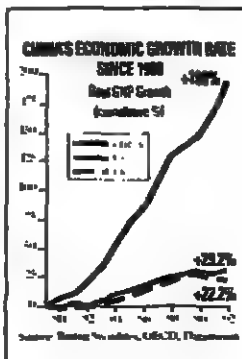
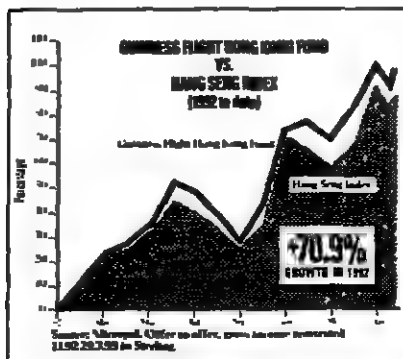
■ **FACT** Investment - in Guangdong, Hong Kong businesses account for over 80% of the 14,000 direct foreign investment projects.

■ **FACT** Growth - Guangdong registered 24% p.a. industrial output growth between 1985 - 90. Exports grew by 37% in the first seven months of 1992.

We believe that the benefits of fundamental changes in the way China's economy operates will

outweigh any problems from short-term political or economic turbulence caused by the handover of the Colony in 1997.

The performance of our Hong Kong Fund has been excellent. Last year,



Consider the following:

■ **FACT** China - The world's fastest growing major economy during the '80s, with average growth of around 9% p.a. Economy (on present trends) due to overtake USA's by 2003*.

Return to Guinness Flight Fund Managers (Guinness) Limited, La Placette, St Peter Port, Guernsey, Channel Islands, Tel 0481 712170 Fax 0481 712166

Please send me a free copy of "China - The Investment Opportunity of a Lifetime" giving further information on the Guinness Flight Hong Kong Fund

TITLE INITIALS NAME

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BONUS DISCOUNT OFFER

Investment Size	Discount	Initial Charge after Bonus Discount
\$15,000 - £24,999	1.5%	3.2%
\$50,000 - £99,999	4.2%	0.5%

INTO CHINA VIA GUINNESS FLIGHT HONG KONG FUND

*Source: Macmillan. Other sources are not necessarily a guide to the future. The value of the investment and the income arising from it may fall as well as rise and is not guaranteed. The Guinness Flight Hong Kong Fund is a sub-fund of the Guinness Flight Global Asset Management Limited, a member of Guinness and investment adviser to the Guinness Flight Global Strategic Fund Limited, a Guernsey A1 Authorised Collective Investment Scheme and UK Recognised Collective Investment Scheme under Section 87 of the UK Financial Services Act 1986.

FINANCE AND THE FAMILY

Investment Trusts

Old-fashioned excellence

Philip Coggan looks at a Scottish fund that offers an above-average yield

SECURITIES Trust of Scotland is an old-fashioned international trust, and none the worse for it. Founded in 1889, it had an excellent record in the 1980s and still offers private investors an above-average yield - 5.1 per cent - on a diversified portfolio.

This decade inevitably is proving more difficult for STS, which, early in the 1990s, committed itself to a policy of income growth at a time when generalist trusts were seeking ways to differentiate themselves in the face of coolness from the institutional investor sector.

UK companies increased their dividends substantially in the 1980s, and funds such as STS reaped the benefit. But the 1990s recession has hit companies' dividend-paying ability and this has fed through eventually to the investment trust sector.

In each of the past two years, STS has paid a final dividend that has not been covered fully by its earnings. Trusts build up revenue reserves so they can cope with just this kind of cyclical downturn; and STS says it can maintain its dividend from reserves for another three years even if earnings do not grow from their present level.

It will be a while before shareholders again enjoy the phenomenal dividend growth achieved during the 1980s - the

payout quintupled between 1982 and 1992 - but the assets, at least, continue to grow. This week, the trust announced that net assets per share rose 20.5 per cent to 84.5p in the second half of the financial year.

STS is managed by the Edinburgh-based Martin Currie, which assumed responsibility in 1972. Michael Gibson, who has worked for Martin Currie since 1982, is in charge of the management team.

Asset allocation policy is decided by the board following recommendations from Gibson and his number two, Tim Hall. They then supervise its implementation by specialist geographical teams.

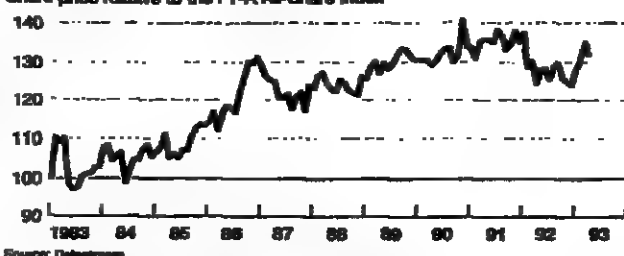
The portfolio's geographical split at the end of March was UK (68 per cent), US (15 per cent), Hong Kong (6 per cent) and continental Europe (8 per cent). STS also has a tiny holding in Japan, mainly in warrants, but Gibson says dividends are too low there to meet the trust's income growth criteria.

During 1991 and 1992, STS had heavy holdings of convertibles and high-yielding preference shares because of the difficult economic conditions. By the middle of last year, though, it had begun to switch into lower-yielding equities that can produce above-average dividend growth.

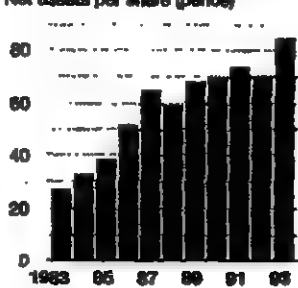
The 10 largest holdings at the end of March were BT, Shell, British Gas, BAT,

Securities Trust of Scotland

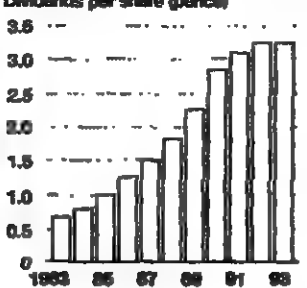
Share price relative to the FT-A All-Share Index



Net assets per share (pence)



Dividends per share (pence)



Allied-Lyons, GEC, Macdonald Martin, Bass, Commercial Union and Hanson. The only non-Footsie stock among these is Macdonald Martin, which produces Glenmorangie whisky.

The performance of STS is a good illustration of how a well-managed international trust can be very profitable for private investors over the long term. The trust is top of the sector over seven years, with

growth of 164.1 per cent (mid-market to mid-market with net income re-invested), according to *Financial Times*. It is second in the sector over both three and five years.

But the international income sector is very small, so a more relevant statistic is that STS has outperformed substantially both the FT-A All-Share index and the investment trust sector over the past 10 years. Stephen Magrath, analyst at

NatWest Securities, says STS "has not compromised its capital performance by going all out for yield. It is an attractive investment for someone who is conscious of total return - a 5 per cent yield with international exposure looks appealing."

Lewis Aaron, of S.G. Warburg Securities, adds: "In the short term the trust's record has not been outstanding, but over the long term its performance has proved the effectiveness of the high-yield strategy. With its high yield, the trust would probably be a good choice for a personal equity plan."

Key facts
At the end of March, the trust's net assets were £23m and the gross assets £31m. On April 20, NatWest Securities estimated the net per share at 84.5p - putting the shares at 81.5p, in a discount of 2.8 per cent. The yield was 5.1 per cent. Martin Currie's annual management fee was 0.35 per cent.

Board
Bill Morrison, the chairman, is a former chief executive of Scottish Life. Other directors are David Birrell, senior partner of lawyers Dundas & Wilson; Richard Cole-Hamilton, former chief executive of Clydesdale Bank; Ian Macpherson, chairman of both Watson & Philip and Low & Bonar; Ronald Miller, executive chairman of Dawson International; Alick Rankin, chairman of Scottish & Newcastle; and Michael Kennedy, chief executive of Martin Currie.

Savings scheme and PEP details
The minimum investment in the savings scheme is £20 a month, or £200 for a lump sum. There are no charges (except stamp duty) for buying but there is a £10 charge for selling. For a PEP, Martin Currie imposes an initial fee of £50, with an annual charge of £80 at £5 a month. Subsequent investments, or withdrawals, cost £20.

Power of attorney can carry risks

I AM EMIGRATING to the US soon and, subject to negotiation, I intend to let my house - which I own outright - to my local council for three years under its private sector leasing (PSL) scheme. The council's guide to PSL includes the statement: "If you intend to live outside the United Kingdom, in consultation with your solicitor, you will need to appoint a power of attorney to look after your affairs. The power of attorney will assume all the obligations and responsibilities of the owner while you are away." This will include repairs and rent collection - the quarterly cheque will be sent to the power of

attorney to avoid deduction of tax under the Income and Corporation Tax Act 1988.

Will I be liable for tax on the rent I get? What is entailed by having a power of attorney (my sister-in-law has agreed to act in this regard)? If I ask her to pay the rent into an offshore account held jointly by myself and my husband, is this legal? I don't want her to be charged tax on my behalf.

If the rent will be your only source of income in the UK after the end of the UK tax year in which you emigrate, then it will be taxed here as though it were the only source of income of a UK-resident

married woman, broadly speaking.

Ask your tax office for the free booklet IR20(1992): Residents and Non-residents: Liability to Tax in the United Kingdom. The UK's right to tax the rent is preserved by article 6 of the US-UK double taxation convention.

If the rent is paid to your sister-in-law, she will indeed be assessed to UK tax on your behalf (as your agent). She can certainly pay the rent into an offshore bank account, but she will want to be sure that you will always provide her with sufficient money to meet the tax demands on time (as well as money to pay for repairs

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

etc., of course.

Doubtless there is complete mutual trust between your sister-in-law and yourself, but she would be taking responsibility for your obligations and liabilities regardless of her ability to obtain reimbursement from you, so it is not something which you should ask her to do without cast-iron guarantees that she will not end up out of pocket or in an embarrassing situation.

You might like to suggest that she consult a solicitor before deciding whether to accept the power of attorney which you are offering her (and, no doubt, you will offer to meet the bill for her solicitor's guidance). As a first step, you should talk to your own solicitor, who will be able to give you general guidance on your overall prospective tax position etc., as well as explaining the risks inherent in both granting and accepting a power of attorney.

Refund of tax

MY WIFE inherited a warden-controlled retirement flat from her mother in September 1990. We valued it for probate at £90,000 but the Inland Revenue re-valued it at £95,000 and levied inheritance tax at 40 per cent.

We sold the flat for £82,000 in January 1993 and are claiming a refund of tax on this difference of £12,500. Are we justified in this claim? Irrespective of whether it succeeds, can my wife use this loss of £12,500 to offset gains made on sale of shares etc?

WE confirm that the inheritance tax legislation enables one, in the calculation of an IHT liability, to substitute the sale proceeds for the probate value if the property is sold at a loss within three years of death. As your mother-in-law died in September 1990 and the property was sold in January 1993, the relief might be available.

A refund of IHT pursuant to this relief depends upon a valid claim being made by "the appropriate person" - in this case, the person liable for the IHT attributable to the property. For example, if the executor of the will was liable for the tax, he must make a claim. IHT on specific bequests of land in the UK is usually borne by the executors unless the will provides otherwise.

For capital gains tax purposes, your wife's base cost will be the agreed probate value of £95,000. She will be able to use the capital loss of £12,500, together with the indexation allowance thereon, against capital gains realised on a subsequent disposal of capital assets.

This reply was provided by Barry Stillerman of Sony Hayward.

HIGHEST RATES FOR YOUR MONEY						
	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/c's						
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Birmingham Midshires BS	First Chase	0832 302090	Postal	£200	6.75% ¹	Yy
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	7.80% ¹	Yy
North of England BS	Edinburgh	081 510 0048	Postal	£25,000	7.50% ¹	Yy
NOTICE A/c's and BONDS						
Northern Rock BS	Postal 30	0500 505000	30 Day	£2,500	7.30% ¹	Yy
Scarborough BS	Scarborough 3	0723 368156	90 Day	£25,000	7.80% ¹	Yy
Allied Trust Bank	4 Month Notice	071 826 0879	4 Month	£2,001	7.80% ¹	Yy
Chelshire BS	Premier VII	0800 272506	1.8.95	£10,000	9.25% ¹	Yy
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	7.35% ¹	My
Birmingham BS	Capital Trust	0800 654456	Postal	£5,000	6.55% ¹	Yy
Yorkshire BS	First Class Rem	0800 378636	Postal	£25,000	7.15% ¹	Yy
Chelshire BS	Premier VII	0800 272506	1.8.95	£10,000	6.85% ¹	My
TESSAS (Tax Free)						
Allied Trust Bank		071 826 0879	5 Year	£9,000	8.10% ¹	Yy
Durham BS		0383 721821	5 Year	£3,000	8.00% ¹	Yy
National Counties BS		0372 739702	5 Year	£3,000	7.50% ¹	Yy
Tipton & Cooley BS		021 557 2551	5 Year	£1	7.85% ¹	Yy
HIGH INTEREST CHEQUE A/c's (Gross)						
Caledonian Bank	HICA	031 556 8238	Instant	£1	5.50% ¹	Yy
Chelshire BS	Classic Postal	0800 717515	Instant	£10,000	6.60% ¹	Yy
Northern Rock	Client	0800 591500	Instant	£25,000	7.07% ¹	My
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Int	0481 715735	Instant	£200	5.25% ¹	Yy
Darbyshire (JOM) Ltd	90 Day Notice	0624 853432	90 Day	£25,000	7.30% ¹	Yy
Bristol & West Int Ltd	Int Premier	0800 833322	6 Mth	£5,000	8.00% ¹	Yy
GUARANTEED INCOME BONDS (Net)						
General Portfolio FN		0279 455828	1 Year	£20,000	5.10% ¹	Yy
Financial Assurance FN		081 357 5000	2 Year	£5,000	5.70% ¹	Yy
Financial Assurance FN		081 357 5000	3 Year	£50,000	6.40% ¹	Yy
Financial Assurance FN		081 357 5000	4 Year	£5,000	6.50% ¹	Yy
Financial Assurance FN		081 357 5000	5 Year	£50,000	6.85% ¹	Yy
NATIONAL SAVINGS A/c's & BONDS (Gross)						
Investment A/c			1 Month	£20	8.25% ¹	Yy
Income Bonds			3 Month	£2,000	7.00% ¹	My
Capital Bonds G			5 Year	£100	7.75% ¹	Yy
First Option Bond			12 Month	£1,000	6.54% ¹	Yy
HAT SAVINGS CERTIFICATES (Tax Free)						
40th Issue			5 Year	£100	5.75% ¹	OM
6th Index Linked			5 Year	£100	3.25% ¹	OM
Children's Bond E			5 Year	£25	7.85% ¹	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. 1 = Initial deposit of £5,000 or £100 per month required. 2 = All withdrawals subject to 10 days loss of interest. Rate fixed only until 31.7.93. 3 = 10% bonus of interest earned p.a. providing no capital withdrawals. 4 = Rate guaranteed until 1.7.93. 5 = 10% bonus of interest earned p.a. providing no capital withdrawals. 6 = 6 months qualifying period. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, After 6 months qualifying period. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR29 0BD. Readers can obtain a complimentary copy by phoning 0692 530077.

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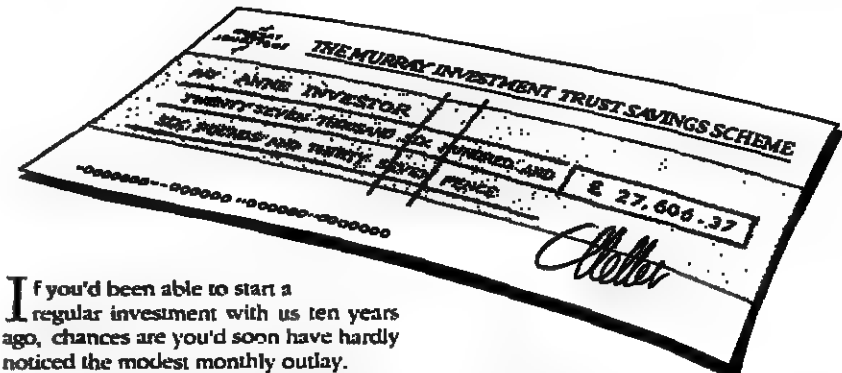
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MINDING YOUR OWN BUSINESS

ARE Britain's directors and senior managers greedy? The Institute of Management thinks many are. It dished out strong criticism in a report this week on recent management pay rises. This was the latest side swipe from those uneasy about the rise of top people's pay and benefits in inverse ratio to the declining performance of the companies they run.

Peter Brown, who has quickly built a successful little company advising on directors' remuneration packages says some of this criticism is justified. But he is keen to tell you what his company does not do.

"We are not called in to act as a bludgeon on the remuneration of company directors. That is not what we do at all." His company, the Top Pay Research Group probably would not get any contracts if it did.

Brown's business methods are somewhat softer and more sophisticated than a mallet. "We are hired, often by non-executive directors to advise on whether remuneration policies in a particular company are appropriate and suggest alternatives on a range of things if we think that is required. We have never felt it necessary to recommend pay reductions but on a few occasions we suggested a freeze."

In its first year in November 1991, Top Pay Research earned a total fee income of just £21,000 but in the next 16 months to March this year, the company made £130,000. Overheads are low. Brown takes a reasonable salary and the company makes a pre-tax return of 30 per cent.

Brown is one of a breed of entrepreneurs more common in the US than in Britain. He is chairman of one large library supply company, and a board member of a non-quoted chemicals company. He set up Top Pay Research as his own business which he runs part time.

"It is much more common in the US for people at the top of large companies to have their own businesses that they run alongside their other roles."

The parallel is not quite exact because Brown joined the library supply company when it purchased a remuneration survey operation Brown had set up in the 1970s.

Top Pay Research uses a small office in central London.



Pay master: Peter Brown, chairman of Top Pay Research, which advises companies what to pay their executives

An eye on the big earners

Nicholas Garnett meets a man who makes money from executive pay packets

Brown's wife, Rosemary, works as the researcher, there is a tiny secretarial staff and three consultants who visit client companies carrying out assessments. They are paid by Brown on freelance rates of £250 to £400 a day.

"I thought there was a niche for this type of business. We did a lot of research and a lot of marketing to potential clients without at the start getting companies to say yes but many eventually did." The Top Pay Research spends some £5,000 a year on promotion.

Brown's company was given a fillip early on by support from an initiative by the Confederation of British Industry and the Bank of England to encourage the use of non-exec-

utive directors and by last year's report by the committee on financial aspects of corporate governance chaired by Sir Adrian Cadbury.

Top Pay Research has worked for about 30 clients, including Smith and Nephew, Welsh Water and National Westminster Bank. The little company accepts contracts ranging from advice on whether it would be out of line with the rest of a particular industry if a chief executive were given a 7 rather than a 5-series BMW, to the level of overall directors pay and the suitability of share option and bonus schemes. This is largely done using remuneration information from businesses in similar sectors.

"In general, companies are happy to give us comparative information on this because they know they will not be mentioned individually in any report and that we do not keep records of this information on computer so they have no fear it will be spun off into a general database. In this business you must have the ability to get people to share information with you."

Individual pieces of work vary from £400 to £3,000 and the company has two retainers, the largest one of £13,000 a year.

Half the company's inquiries come from chief executives and personnel directors, the rest from companies' in-house remuneration committees

and their non-executive directors.

"We have to satisfy ourselves that our work will go to someone who will not directly benefit from it. That is the crux." A quarter of inquiries are over pay rates for non-executive directors but the bulk centres on salaries, bonuses, pensions, share options and benefit packages for executive directors.

"There is often genuine uncertainty over remuneration packages. Some companies are concerned that their chief executives might be asking for too much. Sometimes the question is whether a package is structured correctly."

Share options which have gone "under water" - the

share price has plummeted - are one fruitful area of Brown's work in which managers seek to reactivate incentives through new bonus systems, including parallel or so-called "phantom" option schemes.

"Share price is not a very objective measure of performance," says Brown, who is critical of over-dependence on this as a gauge for directors' bonuses. Incentives should be tied more to use of assets, accumulated profits and market share, he argues.

Messing two pay cultures when companies merge is another source of contracts. Brown acknowledges that when it comes to pay this "messing" is always upwards.

Outside consultants on remuneration play an important role, Brown says. "There must be harmony on company boards and one of the easiest ways of damaging that is to question each other's remuneration director."

Brown says Top Pay Research's target is an annual fee income of £700,000 within another four years from about 100 clients. If that happens it will come from using the knowledge of which side his bread is buttered.

"You are not going to tell your clients what they don't want to know. What is the point of telling them to cut pay if that will not work. We give practical not other-worldly advice."

That struck another chord. When I was central Europe correspondent a decade ago, I visited a couple of dissidents,

As They Say in Europe Rough ride for le style

THE EUROPEAN Bank for Reconstruction and Development is starting its annual meeting in London amid some controversy about alleged over-spending. The recriminations have annoyed French staff members, who see local reaction as typical philistinism. Thus, Pierre Pissaloux, the budget director, told *Le Monde*: "The characteristics of modernity and elegance are not to be found among British attitudes."

How right he is. I had been struck by the same thought at the end of our summer holiday last year when we visited the early-Gothic cathedral at Contances, in Normandy. It is not as stylish as Chartres, nor as awesome as Amiens, but it is a fine place with a magnificent organ (which was in use to prepare for a recital).

We emerged with the early-evening sun dappling the plane trees in the cathedral square. Through the fine-spun tracery of the leaves, we could pick out easily the two sets of heavy-duty electricity cable, hanging the boughs like long eyesockets, leaping from trunk to trunk. Every now and again, echoing almost perfectly the grey of the stone and the form of the windows of the nave, a loudspeaker was lashed to a tree. From these, the last notes of the toccata ringing in our ears, we heard the final phrase of an announcement on a local radio station of the huge savings available on certain items if one were shrewd enough to buy them now from Prisunic.

That was succeeded by a balad from a heavy metal group, the members of which were so aroused by the sight of a certain maiden that they could not resist from repeating forcefully their innermost desires.

My wife observed that such a striking juxtaposition of sacred and secular could not have occurred at Winchester or Wells, and I replied: "Ah yes, if only we shared the modern and elegant attitude of the French."

It is probably the £750,000 marble wall at the EBRD that has attracted most comment. This wall is rough at one end and becomes smoother gradually, to achieve perfection at the other. The intention is to symbolise the transition of the bank's clients from rough-hewn post-communist to the seamless web of affluence that characterises western society today. The bank's boss Jacques Attali admitted that this "might have been done differently". But Pissaloux said *Le Monde*: "It might shock, seem bizarre, and it might not have been done, but it was necessary to create a unity of style."

That struck another chord. When I was central Europe correspondent a decade ago, I visited a couple of dissidents,

whom I shall call Peter and Anna, in Prague. He had just made his almost-daily visit to the central police station. A year before, he had emerged from nine years' incarceration in an unheated north Moravian castle where he had been beaten periodically by someone the communists employed to convince dissidents of the error of their ways.

I recall sitting in the cramped kitchen-cum-living room as Peter talked of his vision of Czechoslovak socialism and how far it was from the reality. In my ensuing account of our evening, I failed to convey what Pissaloux would call the "disunity of style" - none of the furniture matched. The sheer "roughness" of the occasion was marked by Peter's signal that it was at an end: "I wish to be alone with my family now."

To return, however, to the

Is the EBRD a victim of British philistinism? asks James Morgan

original problem - the British shortage of elegant modernity. This is a reflection of a national concept of style which was illustrated brilliantly recently when a bloke in his dad's bowler hat tried to flag down 30 stampeding horses with a short stick, around which was a tightly-furled red flag.

It was called the Grand National, and the British thought it proved to the world just what was wrong with Britain. The fiasco was, it was alleged, noted around the globe. This is nonsense: outside the UK, it made little impact. Even in Slovakia.

I mention that because the occasion was graced by a heavy Slovak nag, Quirinus, priced at 250-1, on which I had a couple of quid each way because it had won the Velka Pardubicka, a race which makes the Grand National look like a village gymkhana. Only one Slovak paper carried an extensive report of the shambles. But it struck an original note in that it blamed the jockeys for what had gone wrong. On closer reading, it emerged that these unsophisticated central Europeans had misunderstood the nature of the Jockey Club, which runs British racing.

The west has clearly underestimated how far the benighted peoples of the former communist world have yet to evolve. They do not understand that the Jockey Club is a club from which jockeys are barred. And they believe that a bank exists for the benefit of its customers.

James Morgan is economics correspondent of the BBC World Service.

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Silenced by syringes

Continued from page 1

Some of the men cry out in pain as the insulin enters their systems. Psychiatrist Nikolai Izyumov explains, matter-of-factly, that since none of the men is diabetic, the insulin causes them to go into shock before lapsing into a coma. The men also become hypoglycaemic - that is, having an abnormally low level of glucose in the blood - because of the treatment.

As he is speaking, a stone-faced nurse and orderly come into the room and untie a patient named Slava. Wordlessly, they lift him up, prop him up against the headboard and hand him a bowl of gruel and a small slice of bread. Their movements are automatic; they seem to have lifted hundreds like this. Task completed, they leave the room as silently as they entered.

Slava dips the bread into the thin, white gruel. Angry, red welts cover his tremulous wrist. Asked about them, Oleg Papsyrev, the hospital's director, replies: "They simply tied him up incorrectly. Unfortunately, we do not have any other method to prevent the condition of agitation which may occur during this treatment. The agitation may be so extreme, so violent, that it would be impossible to hold patients down, simply impossible. They thrash about and try to run away, but their thinking at this moment isn't completely clear. They do not know what they are doing. Therefore, we tie them down."

Such ignorance of modern techniques for treating mental illness is a formidable obstacle

to change. Gluzman says claims of recovery are a "fraud" because mental health care professionals have not been trained properly. Electroshock therapy - known as electroconvulsive therapy (ECT) - is administered without anaesthetic, which is unsafe and inhumane. And while sulfazine has been banned in Ukraine, it is still legal and used widely in Russia. A survey of 588 psychiatrists in Ukraine revealed that 90 per cent believe it possible to treat psychosis with hypnosis, while 16 per cent think lobotomy is acceptable.

In spite of the efforts of reformers, many of those who run psychiatric hospitals now were responsible, either directly or indirectly, for abuses under the communist regime. Few show signs of remorse or a willingness to adapt to new circumstances. "They have neither honour nor conscience," says Stepanchuk. There is, too, a resistance to change, particularly those which threaten to impose limits on their autonomy.

Aleksandr Kucherov, director of Hospital No. 14, says: "Our psychiatry has been overly humanised and we are now reaping the fruits of this. There are a lot of people who need treatment, but a psychiatrist is limited now. In the old days, you could have forced such a person to get treatment and this would have served the patient, the family and society, but now this has changed."

Although the new laws protect people from arbitrary incarceration, anyone still can be subjected to a psychiatric examination. "Informing still takes place today," says Mil-

hal Babokiyach, vice-president of the Association of Ukrainian Psychiatrists. "On certain occasions, one must report that a person may be mentally ill. If someone at work, let us say, notices some deviations in your behaviour, he is supposed to report it to his superior, who is required to inform a psychiatrist, in writing, who is then supposed to come and examine you."

On February 7 1992, President Boris Yeltsin declared that Russia had closed a dark chapter in its history by freeing the "last political prisoners" from the notorious Perm-36 camp in the Urals. But no one knows just how many healthy people, or those committed wrongfully, remain behind the walls of psychiatric hospitals. Yuri Savenko, president of the Independent Russian Psychiatric Association, says: "Only the former KGB knows the exact number. This is a very serious problem which has not been resolved to this day."

Unearthing all the abuses of the past, and making reparation, will be an arduous task. But allaying the fear and mistrust of psychiatric hospitals which remains rooted deeply in the national psyche could prove to be the most daunting challenge. Andrei, a fifth-year law student who is a voluntary patient in a Moscow psychiatric hospital, admitted that going there was a decision with which he wrestled for more than a year. "Everyone is afraid of ending up in a psychiatric hospital," he said, adding: "Some people say it is better to die than to become mentally ill."

مكتبة النور

Hold fire on the 1992 claret vintage

FOR the second year in succession, the 1992 red Bordeaux was dismissed before the grapes were picked. As Peter Sichel, of Angludet and Palmer, says in his annual vintage and market report: "It provided the wettest summer for at least 50 years with the fewest hours of sunshine since 1880. But those properties that had sprayed regularly, cut off a large proportion of grapes in July, and selected severely, produced good Merlot and at least healthy if not very ripe Cabernet."

Aided by new concentration techniques, a vintage that would have been declared a disaster 30 years ago will yield a fair proportion of drinkable wines from a record crop of 5.93 million hl. Generally they are superior to the frost-devastated 1991's.

Well-made '92s should be good from '96 onwards, says Edmund Penning-Rowsell

The dry white wines, picked before the September rains, are generally excellent when not over-oaked, but the sweet types had little success as the bad weather continued in the autumn.

The Union des Grands Crus, which represents 130 classified growths and others with international market potentialities, has just held a three-day tasting of the new wines. The first-growths are not members or do not show their wines at these tastings, and this applies to several of the leading second-growths. However, I was able to taste all these in their cellars, with the exception of Léoville Las-Cases that had yet to offer them.

I have included those sampled in the district lists below. It must be said that many of the wines were difficult to taste, as they had not settled after the *assemblage* (the blend of each chateau's grape varieties to provide the best balance).

Others needed racking (taking the wine off the lees and into fresh barrels), or may have already only just done so. However the Union's tastings provided the writers with a comparative opportunity to compare the wines before the opening prices appear. Thanks to Latour I was able to visit all the first-growths except Ausone and Petrus, which only offers its wines through the associated merchant house of J-P Moueix. The wines of those firsts which also own other chateaux, and which I tasted and picked out, are included in the district lists below. The

growths that appealed to me, with my particular preferences, are starred (*). The number tasted in each area are noted.

The tastings started with Pomerols and St Emillions, continued with the southern and northern Medocs; then the Graves and finally the Barsacs and Sauternes. In general I found the Merlot-dominated Pomerols and St Emillions more fruity and better structured than some of the Medocs, especially in the southern communes, and too many were over-oaked to mask their limitations. But variability is the keynote word to describe the 1992 vintage.

Pomerol (10) *Beauregard**, *La Cabanne*, *La Conseillante*, *La Croix de Gay*, *Gazin**, *Petit*

Well-made '92s should be good from '96 onwards, says Edmund Penning-Rowsell

Village*

St Emilion (16) *Angelus**, *Balestard la Tonnelle*, *Clos Fourtet*, *Larcis Ducasse*, *Larmande**, *Pavie*, *Troglon Mondot**, *Villemaurais*.

Southern Medoc (28) *Moulis* - *Chateau-Spion*, *Poujeaux*, *Lisrac* - *Clarke**, *Haut-Medoc* - *Canemerie**, *Margaux* - *Angludet*, *Durfort Vivens*, *Malescot*, *Pavillon Rouge de Ch Margaux*, *Rausan-Segat** (I confess to being disappointed with my usually favoured Palmer, but these are early days).

Northern Medoc (28) *St Julien* - *Ducru-Beaucaillou**, *Gruaud Larose**, *Langoa-Barton*, *Léoville Barton**, *Pauillac* - *Grand-Puy-Ducasse*, *Grand Puy Lacoste**, *Lynch-Bages**, *Pichon Baron*, *Pichon Lalande**, *St Estephe* - *Cos Labory*, *Montrose**, *Ormes de Pez*.

Red Graves (17) *Pessac-Leognan* - *Carbonnieux*, *Domaine de Chevalier*, *Haut-Berger*, *Malartic Lagraviere*, *La Mission-Haut-Brion*, *Pape Clement**, *White Graves (13) *Pessac-Leognan* - *Carbonnieux**, *Domaine de Chevalier**, *Larivet-Haut-Brion**, *Malartic Lagraviere*, *Olivier*, *Smith-Haut-Lafitte*.*

Portets (2) - *Rahoul*, *Barsac/Sauternes (16)* - *Barsac* - *Dolsy-Vedres**, *Nairac*, *Sauternes* - *Lafaurie-Peyguy*

Rieussec.

A number of union members did not show their wines, notably Evangle in Pomerol.

First growths (6) All save Cheval-Blanc also showed their 1991, and I attach my notes. In the order tasted in their cellars: *Mouton-Rothschild* - deep colour, very closed on nose and palate; very hard to taste at present, a bit short ('91 distinguished bouquet, tannic but good balance of fruit).

Lafite - deep colour, elegant nose, very closed but not much body evident; light but good style ('91 full colour, elegant, fine nose. Oaky on taste but should develop good balance.)

Latour - huge colour, velvety taste and plenty of body, long in the mouth ('91 less body and fruit than '92, fairly oaky, typical Pauillac).

Margaux - big colour closed nose, good flavour but hard to taste, somewhat short at present ('91 - fine colour, good aroma, a claret of real class, comparatively long).

Haut-Brion excellent colour, closed nose, light on taste, but sweet and surprisingly fruity for the year ('91 - more tannic in '92, more body, should develop well).

Cheval Blanc - lovely black-currant bouquet, rich flavour, long, typical of this near Pomerol wine, and my favourite, followed by *Latour* and *Haut-Brion*.

Early indications are that *en primeur* prices will be well down for the first growths, at the level of the 1987's - once despised, now sought after for current drinking. First-growth collectors apart, there is no good reason for claret amateurs to buy the 1992's before they are in bottle in two years' time.

Those made well should make good drinking from 1996 onwards. Available cash will be better spent in acquiring '88's, '89's and '90's, said to lie in considerable quantities in the Medoc, less in the Graves, but not in St Emilion and Pomerol. What Bordeaux needs is a small but fine, highly saleable 1993, but we will have to wait another five or six months to find out if this will turn up.



Cookery / Philippa Davenport

Just perfect partners

Why duck needs a contrast

DINING BY candle-light is a pleasant enough experience - but harvesting one's supper by torchlight is different. I have done it only once, on an East Anglian farm, or to be more precise a vast hangar of a shed standing on an island of concrete slabs set in a Constable landscape.

Blanched chicory needs to be deprived of light. The traditional way is to cover it with straw or forcing pots as it pushes its way through the soil. The modern factory farm solution is to grow chicory in the darkness of a computer-controlled hydroponic shed.

It was eerie to see the chicory in the beam of a torch as they lay, ghostly pale and shaggy to shoulder, in their bunk-like beds. These were, in fact, shelves stretching the length of the shed through which nutrient-bearing waters were pumped.

In fact we could have made the inspection blindfolded. Growing progress can be gauged largely by sound, apparently. As the plants grow their little rootlets gradually form a thicker and thicker mat through which the water flows, and the sound of running

water changes accordingly.

Chicory grown this way lacks some of the bitterness traditionally associated with this vegetable, bitterness which is fundamental to its character and is part of its charm for some. This chicory was blander and fatter. Eaten within a couple of hours of picking it was juicy and supremely crisp.

DUCK WITH CHICORY, HONEY AND LIME (serves 2)

The chicory follows the duck into the pan in this recipe, so the leaves are deliciously anointed with duck fat and pick up meaty sediment. Maybe my servings of chicory are a little generous.

There might be enough for four if you wanted to serve the dish for a party, but in that case the chicory would be reduced to the role of a garnish rather than served as vegetable proper. Chicory cooked in this way also goes well with grilled pork chops.

For two people, you will need 10 to 12 oz of duck breast fillet, either one large magret cut

diagonally in half to make two portions, or two breasts from a smaller bird.

As for the chicory, I suggest 10 oz prepared weight. Buy more to allow for trimming away the solid root end and any bruised or wilted parts.



Separate each chicory into individual leaves, in so far as you can. The centres are too tightly furled to pull apart with your fingers, so slice them thinly.

You will also need: 1 teaspoon of finely chopped ginger root, 1 tablespoon of freshly squeezed lime juice, a sprig of mint, and a scant 2 teaspoons

runny honey. (Stand the jar in a bowl of hot water so it will be easy to measure when you want it.)

Heat a heavy frying or sauté pan and fry the duck gently. Cook it skin side down most of the time to render the fat and to avoid toughening the flesh. A total of 10-12 minutes gentle cooking should produce meat that is tender and faintly pink in the centre.

When done to your liking, transfer the duck to a low oven to rest and pour off all but 1 tablespoon of fat (save it for frying croissants or potatoes).

Away from the heat, stir the honey and lime juice into the fat remaining in the pan.

Add the ginger and chicory and quickly place the pan over medium-low heat. Cook, stirring and turning the leaves quite frequently, for about five minutes until thoroughly wilted and lightly caramelised.

Carve the duck into slices and lay it on the chicory with its juices poured over. Scatter with torn mint leaves and serve with steamed basmati rice.

*Tudorham Hall Foods, Tudorham, Ipswich IP6 5DD.

Eating out in Venice It needn't be so pricy

VENICE IS an expensive city. This is not just because over the centuries they have gained an unsurpassed experience in the art of fleecing foreigners, it is also expensive for Venetians.

Everything has to be transported by boat, which means that transport costs often exceed the value of the object itself. There is no storage space as there are no cellars. This does not mean that Venetians are justified in robbing everyone who visits their city, but there are mitigating circumstances.

It is still possible to spend a week in Venice without taking out a second mortgage. I have seen little trattorie in Cannaregio, behind the railway station, which serve menus for as little as L14,000 (£8), although I cannot imagine that the food is anything to write home about, and they certainly will not stay open late.

Food is simple. Gone are the days when Venice was noted for elaborate displays of culinary theatre which pleased the Dukes. Now the emphasis is on fresh fish and seafood with a few stock dishes such as *scigato alla Veneziana*, calves' liver on a bed of onions sweated in oil, served with the ineluctable hunk of polenta.

If you are on a tight budget, one solution is pizza. Pizzas are not typically Venetian, but there are plenty of restaurants in the city which offer them because they appeal to tourists of slender means. One reasonable pizza place is the Trattoria Pizzeria due Colonne in San Polo which has a list of about 30 including one topped with different cuts of horse meat. With a jug of the thin house wine you may get away with under £10.

Another recommendation for a cheap, light meal is *Vino* in San Marco, a bar near the Fenice with a stunning wine list. A plate of pasta followed by some *polpetta* (meat balls) can be had for as little as L14,000. Expect to pay much more if you stray away from the house wine.

They say that *Vino* stays open till 1 am. In my experience they remain open until the particularly graceless waiter decides he wants to go home. Venice has a largely retired population and they go to bed early. One solution for princes of darkness is *Haig's Bar* by Santa Maria del Giglio in San Marco. By night it fills up with all Venice's more elegant insomniacs.

If you desire more authentically Venetian food at reasonable prices the Taverna San Trovaso is popular both with locals and better-heeled tourists. They appear more gracious here than in some places. The food is stock Venetian which does not mean desperately exciting: spaghetti with cuttle fish; fritto misto, a collection of shrimps, *Dablia* Bay prawns and squid rings in batter, for example. With a large jug of Sauvignon blanc it comes to about £20 a head.

Similar, but even more popular with locals, is Trattoria della Madonna near the Rialto bridge. The style here is trash, cheeky and sometimes downright unco-operative. But, at around £25 a head, it is hardly expensive by London standards. Fresh fish is the thing here: ivory-white *cigale di mare* (literally sea grasshoppers - they look a little like Dublin Bay prawns and come from the Adriatic); spider crab; castraturo, baby artichokes; which fish soup, which is a meal in itself; and cuttle fish or calves' liver with polenta. It is a busy, pretty restaurant with white walls and exposed beams.

Rather more up-market is La Corte Scanta (the hidden courtyard) in Castello by the Arsenal. It is important to

book. A jolly, red-headed woman speaking idiomatically fluent English tells you what to eat: "I will send you some mixed antipasti and a tarbot. You won't need the pasta course."

She was right. A carpaccio of salmon in Tuscan olive oil came with pots of buttery spider crab mousses; next came vongole clams; a spider crab dressed with oil and lemon in its shell a plate of octopus, winkles, squid and shrimps, two sorts of anchovies and stuffed mussels; two sorts of polenta one with *baccala* (an emulsion of dried cod) the other with sardines with onions and pine nuts; then came the tarbot. A still pro-

Giles MacDonogh recommends where to eat in La Serenissima

secco is put on your table, but there is also an extensive wine list. About £25 to £40 a head.

For your last night in Venice you cannot do much better than the terrace at the Daniell. The view is stunning. Taking in with one broad sweep the domes of the Salute, San Giorgio Maggiore and the Zittelle as well as the Lido.

The food is no disappointment either: a marinated sea bass with onions was surprisingly effective; mixed antipasti came with *cigale di mare*, prawns, octopus, spider crab and mussels; then a superb risotto with scampi and rocket.

The main course was a John Dory with a sauce of finely chopped herbs, tomatoes and gherkins. The Daniell is expensive - even by London standards: about £80 a head.

Information: Trattoria due Colonne (041) 5240685; Taverna San Trovaso (041) 5203703; Trattoria della Madonna (041) 5233824; La Corte Scanta (041) 5237024; Hotel Daniell (041) 5236480.

HOP, HOP, HOP. HOORAY!



Zatec is a sprawling region of hidden valleys and rolling hills in deepest Bohemia. Two mountains shelter the area thereby creating a clement climate. The soil is rich in iron and is comprised essentially of clay and sandstone. Zatec, pronounced

'Shateck', is where the most sought-after hops in the world are grown. Conditions are perfect for the hops to be high in

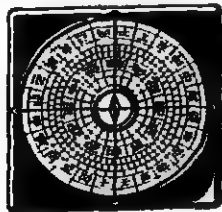
in resins, and noting with aromatic essential oils. The hops are pampered with an excessive amount of love and attention. In fact a few weeks before harvesting it is customary for these fragrant blossoms to be affectionately caressed. About a hundred kilometres south-east of Zatec lies

the famous old Pilsner Urquell brewery: home of the world's original golden lager. Here, our master brewers extravagantly add these superlative hops three times during decoction mashing; thus ensuring a full flavour and emphatic aroma. A plethora of modern-day Pilsener lager brewers have followed our lead by including Zatec hops in their recipes, too.

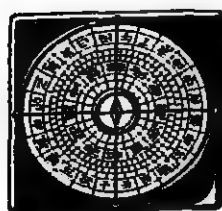
However, these bandwagoners appear content to add the hops only once, maybe twice, during their decoction. Perhaps you may find it prudent to take a little Czechoslovakian advice, and tell them

Shadek! all to hop it!

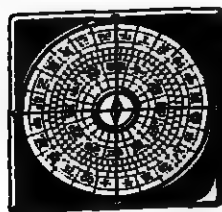
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WHY NOT eat meat? None of the stuff has passed my lips for years, yet the aroma of roast beef still charms, as does the memory of bacon crisped on a primus stove. But three different vegetarian arguments persuade me, each convincing enough on its own but together overwhelming: arguments which respectively conclude that meat eating is cruel, unhealthy, and uneconomic.

It is uneconomic because ten acres of land can feed 24 people if planted with wheat, but only two people if applied to cattle grazing. And rainforests are being cleared at a frightening rate to make room for beef cattle to supply hamburger chains.

It is unhealthy because meat is full of saturated fat. Meat is decaying animal matter.

It is cruel not merely because farming techniques and slaughterhouses make it so, but because killing a sentient creature as a matter of need but of taste is morally repugnant. (How many of us could slit a cow's throat ourselves?)

A newspaper report tells of a

common practice among British farmers. A type of lowland sheep has been selectively bred for two characteristics: smallness, so that it eats less; and a genetic inclination to have twins or triplets. But when a ewe has a single lamb, the lamb is too big to be born. So its front limbs are amputated in the womb to protect the ewe. Before this year's lambing season is over 50,000 lambs will have died this way.

Colin Spencer's handsomely comprehensive history of vegetarianism (*The Heretic's Feast* Fourth Estate, £20, 402 pages) shows that from the earliest times one or other of these reasons has persuaded many to forgo meat. But other reasons

have prevailed too, chiefly religious ones.

In a continuing tradition from antiquity to the present there have been significant minorities of people who shared similar views. Ovid was disgusted by animal slaughter; Plutarch was a vegetarian, as was Leonardo da Vinci.

England's most carnivorous hour was reached in the 18th century, and descriptions of the way animals were then treated reads like a horror story.

Pigs, calves and poultry were whipped to death to tenderise the flesh. Geese were nailed to the floor to fatten.

Sheep were killed by slow bleeding to improve the eating

quality of their meat. "I know nothing more shocking or horrid," wrote Alexander Pope, "than the prospect of kitchens covered with blood and filled with the cries of creatures expiring in tortures."

War-time rationing in the 1940s improved the nation's health because of a shift of emphasis from meat to vegetables and grains. It is an oddity that so few set this fact against the reeking floor of the slaughterhouse, and draw the obvious conclusion.

Looking at history from a seat at its dinner table is fascinating: one sees aspects of it quite absent from the sober-sided chronicles of kings and battles which usually march us through the ages.

Spencer's book tells a fascinating story, and tells it well. It will move honest readers to ponder carefully what lies on the next dinner plate they encounter.

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HOW TO SPEND IT

Caviar and cashmere

Lucia van der Post finds some real bargains at duty-free shops

HOW LONG is it since you last bought something other than the odd bottle of booze and some spare film at an airport duty-free shop?

If, like me, you arrive with minutes to spare, suitcases packed to the brim and memories of hearing about shams and rip-offs you probably do not even think about it. If you are one of the canny ones who has sensed out that times have changed at airport shops, that duty-free these days really does mean that then no doubt you shop there all the time.

Certainly enough people visit duty-free outlets to have sent BAA figures soaring - five

years ago retailing brought in £299m, last year it had risen 60 per cent to £480m. Those who supposed that the proper business of airports was aviation will be intrigued to learn that retailing now accounts for 32 per cent of total revenue.

A combination of falling revenue from landing fees and rising investment costs meant that increased revenue had to be found. Gearing up the duty-free operation seemed an obvious way forward.

Unscrupulous pricing, which led to an embarrassing number of features in the national press, had eroded the confidence of the travelling-classes in "air-side" shopping. Today, much of this has changed. The

airport shops between them sell more caviar than the rest of the UK put together. Many retailers do between £4,000 and £5,000 in turnover per sq ft each year when the average in the UK is nearer £400 - in other words, they do 10 times more business than their High Street rivals. Some, like the Swatch shop in Terminal 4, do even better. It did \$6,500 per sq ft in its first year, 15 per cent more than the UK average.

The revival started two years ago when Barry Gibson arrived to take over as group retail director of BAA. Confidence had to be restored. He started with what he called his "Value Guarantee Campaign", which guarantees that in the "land-side" airport shops prices are no higher than they are in UK towns and cities and that in the "air-side" shops the prices really are free of duty and tax.

The result is that today you can be sure of finding most alcohol at half the price it is in the High Street, tobacco is 40 per cent less, perfumes 21 per cent, and almost everything else from scarves and ties to shoes, watches, cashmere sweaters and gadgetry, 17 per cent cheaper.

Perceived notions, however, take a long time to die, and many travellers believe it is cheaper to buy in Schiphol or Frankfurt airports. Barry Gibson is adamant that for most things it is hard to beat the prices in BAA shops. He points out that in some continental countries, Denmark and Germany, for instance, VAT is still charged in duty-free shops.

A straw poll revealed that his claims held up well. A litre bottle of Bell's whisky sells for £8.30 in BAA duty-free shops, the equivalent of £8.82 in European duty-free shops (calculated by using an average of prices in Frankfurt, Amsterdam and Copenhagen) and £16.61 in the High Street. A litre of Johnnie Walker's Red label was marginally more expensive in BAA shops (£9.85) than in Europe (£9.30) but in both places it was a great deal

cheaper than in the High Street where it sells for nearly double at £19.90.

An Hermes scarf is £129 in Hermes town and city shops, £127 in Europe and £110 in BAA duty-free shops. On the perfume front, Guerlain's Samsara and Dior's Poison were both cheaper in BAA's duty-free than anywhere else but unaccountably Chanel No. 5 turned out to cost slightly more (£36.30 in BAA shops as opposed to £34.26 in Europe and £46 in the High Street).

So the prices are good but is there anything you actually want? You are not going to find cute little hand-made items, one-off pieces of art or quirky presents - what you will find is classic items that cost you less than they would back home. Many well-known retailers have an outlet somewhere in Terminal 3 or 4 - Harrods and Burberry, Austin Reed and Hamley's, Mappin & Webb and Georg Jensen, Ferragamo and Gucci. Cartier and Jaeger - so the label-loving brigade are well catered-for.

If you need a good watch, hanker for, say, a Cartier three-gold ring, want a CD player or a camera, need a shirt or a classic pair of shoes, then, if price matters to you, it may well be worth your while to do some research before you travel. Try on shoes in a Bally shop, suss out what Jaeger has to offer, work out which colour cashmere sweater would freshen up your wardrobe, check out watches and decide which is the one for you.

There remains the vexed question of duty. Foreigners heading home will need to check on their own customs regulations. UK residents should probably not buy their £20,000 Rolex if they are on the way to Hong Kong - it will have to be declared on the way back and the duty paid. But, if, for instance, you are going anywhere in Europe, now that barriers are down, you can buy in the duty-free and do not have to declare anything on your way back in.



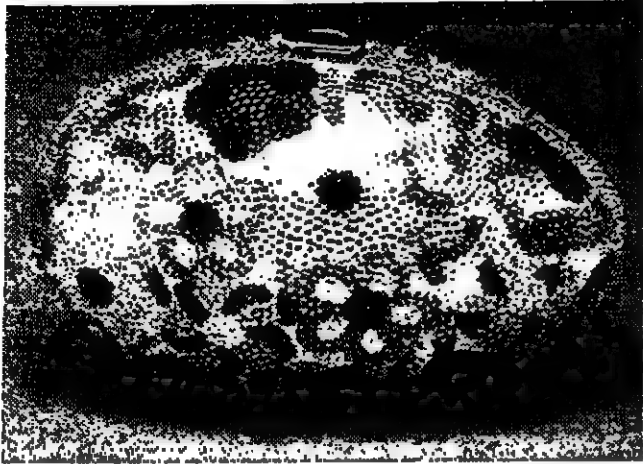
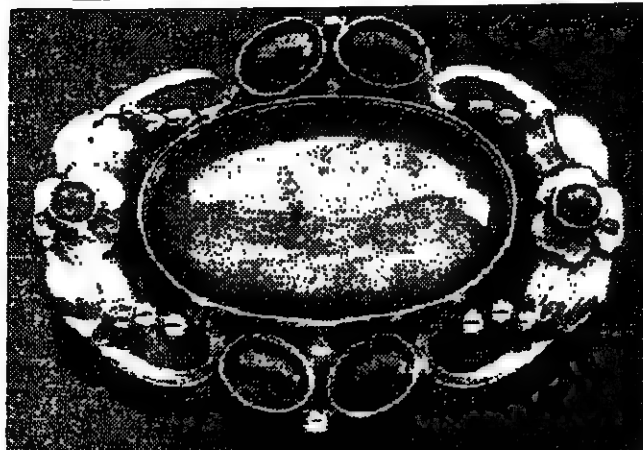
PHOTOGRAPHED here is small selection of the sort of things you could buy from duty-free shops at Heathrow with the "land-side" and "air-side" prices attached for comparison. Far left, top: a hand-crafted sterling silver brooch set with amber and green agate, designed by

Georg Jensen in 1904 and in production ever since. £721.70 at Terminal 4, £248 from the shop at 155 New Bond Street, London W1.

Far left, bottom: a glittery evening handbag, set with brilliantly-coloured Austrian rhinestones is one of a selection of Judith Leiber handbags sold at Mappin

A Webb at Terminals 3 and 4. This particular version is £2,510 in the terminals and £2,950 at Mappin & Webb in Regent Street, London W1. Above: cashmere sweater by Barrie, typical of the wide range on sale duty-free at Harrods and The Scotch House, on Terminals 3 and 4. In-store price, £286, duty-free £273.45.

Top left: fine, silk scarf by Ferragamo, £95.50, Terminal 4, £112 in the shop at Ferragamo, 24 Old Bond Street, London W1. Below left: Burberry water-resistant watch, gold-plated with a sapphire crystal glass, £276 at the duty-free in Terminal 3, £325 at Burberry stores.



A serious frame-up

THE apogee of the Royal Academy's Year is, of course, the Summer Exhibition (this year starting on June 6 and running until August 15) with the vernissage a must for assiduous pursuers of the society round. But there are lots of other reasons for visiting the RA, not least one of its best-kept secrets - a framing shop tucked away near the back entrance in what looks like an old mews or stable.

Now that every museum or gallery has cottoned on to the fact that there is money to be made out of ancillary commercial enterprises many are branching into new fields. But

for The Royal Academy, the framing shop is no bright new venture, rather a well-established service that in its present form has been going for eight years but under previous ownership was started something like 40 years ago.

It has long been known among the many artists exhibiting at the RA and many London dealers, such as Agnew's and the New Grafton Gallery, use it all the time. The pity is that it is so little-known by the public.

The shop is run by David Nelson and Edith Robertson and tucked away in the warren-like series of rooms is a specialist team of craftsmen

and gilders. Piled high with frames, mounts and pictures it has the air of a busy, old-fashioned atelier, occupied by serious and skilled craftsmen specialising in quality work. It is not the place to go for a cheap-jack solution to framing a poster - more the place to go for expert advice, for quality frames, for conservation advice and treatments.

This means it is by no means the cheapest place to get your pictures framed - quality mounts and materials do not come cut-price. Conservation is high on the agenda and all the materials used help to ensure that works are properly protected from ultra-violet light,

humidity, insects and air pollutants. The choice of frames is vast - everything from simple wood and metal to ornate hand-gilded numbers.

Besides framing, the workshop will also restore, clean and repair pictures or frames. It is a friendly place which anybody going to an exhibition might like to look into just in case they need a better class of frame.

The Framing Shop's entrance is in Burlington Gardens, next to the Museum of Mankind. Otherwise use the RA's main entrance in Piccadilly.

Lucia van der Post



The Framing Shop at the Royal Academy

The Kenyan art of bribery

I LEARN'T my lesson about how to do business in Kenya on the day, some four months after I had arrived there as an expat manager, that my wife and two children flew in to Kenyatta Airport to join me. When my wife resigned from her job in London, her colleagues threw a party and gave her, as a leaving present, a small ice-cream maker.

My wife rang from London and said: "You don't mind if I ship out my leaving present, do you, by air freight?" - at my expense of course. I could hardly say no. I did not even know what the present was, but the principle was important. She had been doubtful about sending out to Kenya, leaving her job and friends in London, and I did not want to imperil the fragile understanding at the last moment.

So I said "yes", and the afternoon before they were due to arrive off a KLM flight at Kenyatta Airport, I had a telephone call from our clearing agent at the airport to say that a package had arrived for me, and I had better go to the freight terminal to get it.

Innocently, I decided to collect my wife and children first, and then stop to pick up the goods. They were due at 7 am the next morning, and it sounded a logical plan. So much for western logic.

Their arrival was uneventful. As we left the passenger terminal I said proudly, as if to confirm their welcome: "And what's more, your packet has arrived, what is it?"

"An ice-cream maker." I still did not sense trouble. No one had warned me about the freight terminal. We drove to a large building on the airport perimeter. I parked the ageing company Range Rover with an innocent: "See you in a few minutes," went to find Hassan, the clearing agent.

Or rather, he found me. He had been waiting, and knew the vehicle of old. He took me into a dingy side office and said: "You are late."

He led me into a huge aircraft-hanger-like depot with an ante-room where sundry Kenyans were shouting and gesticulating at each other. In the middle of the floor of this ante-room was a

large cardboard box, opened, with bits of its contents on the floor beside it. It was my wife's packet.

"They say you will have to pay duty," said Hassan.

"But it's a present, and it's for our own use, like our other belongings. We have just arrived in Kenya."

"Here, an ice cream machine is counted as an industrial machine, it says so in the customs manual."

"How much duty?"

"Maybe 8,000 shillings."

I began to get annoyed; 8,000 Kenya shillings was worth about £300. The machine had only cost about £200 in London.

"I won't pay that much," I told Hassan, trying to sound every bit the

impatient jetlagged family and took them home. I telephoned the office, arranged to have the money ready at my office, drove into town to collect it, then back to the airport freight terminal for midday.

"The terminal is shut now," said Hassan solemnly.

"What for?"

"Lunch."

"So what do we do now?"

"Have lunch."

We went to the airport canteen, a greasy self-service cafeteria reminiscent of British Rail in the 1950s. He chose a large meal, I chose a small one. He left me to pay the bill.

"Then I had to sit with him for an hour, a total stranger, one white man in

"All of it?" I felt like a baby in his hands.

"Yes, you see, their view is that you will sell that machine, tomorrow or maybe the day after, it doesn't matter, for a good profit. So they think they should have part of that profit. Not all of it. You have your share, they have theirs, for letting you bring it in without paying duty."

"There was an African logistic about that. I counted out 4,000 shillings in 100 shilling notes. He stared at the notes for many seconds, not taking them. Then he asked: 'What about me?'"

I stared back at him. So you must pay me too."

I was beginning to get angry. He was breaking the agreement between us. I felt a righteous anger - and I was in possession of the goods.

"How much?"

"What you think is fair. I did you a service."

He had got lunch off me, and the company paid him for his services. So I said, as much to get rid of him as anything else, "Four hundred shillings."

Ten per cent seemed a reasonable tip. "That is not very much."

"Four hundred."

"OK."

So I counted out four more notes, and he took the pile, shook my hand, and vanished into the building.

My troubles were not over. The man on guard at the gate, dressed in dirty overalls, said: "where are you going with that thing? where is your pass?"

Of course, I did not have one. But by now, I knew the game. I put the package down, pulled 40 shillings (10 per cent of 10 per cent) out of my pocket and handed it over as I walked past him. He grinned, and I was free at last.

I thought my wife would be pleased. But she was furious.

"I wouldn't have paid all that for it," she said. "Let 'em have it or send it back to England."

But we did sell it, three years later, for 4,500 shillings. So we broke even. Except the ice cream wasn't up to much.

Rex Winsbury tells the chilling tale of how he imported an ice-cream machine to make his wife feel at home in Africa

authoritative white man who will stand no nonsense from the blacks.

Hassan looked at me sorrowfully, took me by the arm and steered me outside again. "You must realise that if you do not pay, they will leave it there on the floor, like that. And if it is left there, it will not be there at all by the morning."

I knew what he meant. Theft was rife in Nairobi, and I could well imagine its mysterious nocturnal disappearance, with nothing the next morning except shrugs of the shoulders. My wife and children were waiting outside. What would I say to her if her leaving present was stolen? What sort of welcome would that be to Kenya? The matter began to assume symbolic proportions.

"What do you suggest?" I asked Hassan. "You are the expert here."

He paused, and looked into the half-distance. "Maybe, for 4,000 shillings I can do it for you. Come back later with money."

I was in a fix. I agreed to be back at noon with money. I rushed back to my

a black canteen, everyone knowing why I was there. Finished, he sucked his teeth, and said: "OK, go now."

Back at the terminal building, he led me along sunless corridors and from one office to another, bypassing queues of people. In each office he nodded vigorously to the occupant in my direction. I suppose he was doling out my money - dishing out verbal promissory notes.

It seemed to work. Hassan led me back to the ante-chamber of the transit hall. There, my package had already been taped together, and the overseer gesticulated towards it. "OK, you take it now," he said with a wide grin. I knew why he was grinning.

Hassan made no gesture to help me. I picked up the heavy cardboard box and staggered outside, into the bright sunlight of a Nairobi afternoon. I was dazzled, breathing in fresh air, glad to be free of the claustrophobic atmosphere. But I was pulled sharply back to business.

"Now, you must give me the money. I have promised it."

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FASHION AND PERSPECTIVES

Dressing for the Professions: The Journalist

Owls and peacocks: a story of opposites

Nicholas Woodsworth considers the way the Press dress

AS IN life, so in dress. Journalists are a duplicitous lot.

Are journalists responsible arbiters of public life, sober, sagacious owls to whom we can turn for truth and wise opinion? Certainly the serious grey suits worn in the editor's offices of Britain's national dailies imply that this is the intention.

Or are journalists media peacocks, prima donnas of the word processor with egos so attention-seeking that they feel the need to tell us their opin-

ions of the world? The ghastly polka-dotted bow-tie, the sloppy, rumpled suit, the flamboyant waistcoat, the questionable socks, macs and ties sometimes affected by journalists would indicate personal style bordering on the eccentric.

Owls or peacocks? The answer is both. Journalism is a world in which individual expression and social convention have their proper place. Clothing simply reflects this. More homogeneous professions may have more homogeneous codes of dress, but journalists'

clothes are as different as the organisations they work for, the topics they cover and the opinions they hold. A newspaper office is one of the few places where one man in green velvet and another man in grey pin-stripes have equal value and utility.

Traditionally, journalists have a reputation for being notoriously poor dressers. Like Lou Reed in his fictional Twin City newsroom, or Walter Matthau type-writer bashing in the bleachers, they are portrayed as negligent, sloppy, soup-

stained men - in the stop-press world of ringing telephones, desperate deadlines and the passionate search for truth, there is no room for the consideration of mere clothing. The hard-nosed hack, his sleeves rolled up and his tie pulled down, just does not care.

There is probably some real basis for this image, but it is hardly as romantic as popular myth would have us believe. In the past journalism was one of the lower-paid professions. Despite the occasional gentleman dandy, this was a hard-living, hard-drinking, somewhat disreputable calling. For most work-a-day journalists, salaries did not permit large or expensive wardrobes - if the few suits a journalist owned all looked ready to retire, it was because they had seen much active service.

Nor was journalism a tidy profession. When reporters were not in smoke-filled offices pouring over inky proof-pages, they were out pounding the sidewalks in all weathers - the basis of that eternal cliché, the journalist and his wrinkled and dirty mackintosh.

Today, journalists (at least in the larger national publications) are better paid and can afford to dress as well as others in the liberal professions. Yet the sloppy, negligent image persists.

As potent as money in the creation of the journalist's persona is social status, his need to feel and be seen as different. If the attitude looks unstudied, the absent-minded indifference of the intellectual, it nonetheless has its purpose.

Looking into the doings of the influential, the wealthy and the celebrated more often inspires cynicism than admiration. Down-dressing or dressing differently is a way for the journalist to say to such people: "I may write about your world, but I am not of your world. I am different. I am an observer who evaluates." To the world at large it is also a modestly boastful way of saying: "I do not care about the way I look, I want to be judged by the superlative way I write".

But the image of the journalist in cheap, nasty and ill-considered clothing is probably overdone these days; looking competent and professional, at least to management, now counts for a good deal in this competitive trade.

In an age of journalistic specialisation, styles are varied and specialised too. Fashion journalists on women's magazines are fashionably dressed in discounted designer clothes. Diplomatic correspondents dress diplomatically. Banking



Ivan Fallon, owl in bespoke Savile Row suit and shirt hand-made in Hong Kong

correspondents tend to look like second-drawer bankers. Among the young thrusters of Third World foreign correspondence, multi-pocketed sleeveless vests are the sign of literate Ramboes ready for action.

Press photographers dress like members of motorcycle clubs, but that too is a fashion statement. Only sub-editors - journalists with no public face - can these days emulate the ideals of the journalistic slob.

If journalists are no longer permitted simple unfashionability, which way do they head? In spite of the great diversity of style, they seem to trend towards one of two opposing poles: the flamboyant, creative personality, and the serious, responsible journalist of weight.

John Walsh, editor of *The Independent* newspaper's weekend magazine, is a self-avowed peacock. He wears tomato soup-coloured Kenzo jackets with green shirts. He owns a pair of floral braces. He has a ginger-coloured outfit from Reiss, and a dark green suit by Christian Dior. His favourite article of dress is a brocade

lame waistcoat which is 7 per cent gold thread. He usually wears it with a dinner jacket.

"Journalists take themselves far too seriously", he avows. "This is not a totally serious profession. All journalists are actors to some extent. Some like to dress like power brokers or tycoons. But our job is not to be bank managers. Our job is to be right, and not necessarily to fit in."

When Walsh was literary editor of the *Sunday Times*, he used to enjoy teasing editor Andrew Neil. "Andrew is an actor, too; he plays the nasty and horrible role and wears power-broker suits. Whenever we heard he was going to visit the literary desk, we pulled out coloured Balkan Sobranie cocktail cigarettes, put on floppy black bow-ties and used lots of words like *emulid*. It seemed the suitable corrective."

But there are plenty of correctives to the individualist, Bohemian streak among journalists, too. Ivan Fallon, formerly of *The Daily Telegraph* and today business editor of the *Sunday Times*, sits on the other side of the fence, not a

peacock, but an owl. His own dress is elegantly conservative. His suits are cut on Savile Row by an Irish tailor, his shirts ordered hand-made from Hong Kong. He has a weakness for Hermes ties. On Saturdays he abandons his suit for a blazer.

"We are fairly anonymous in the City of London," he admits. "Senior and financial journalists tend to dress the same as those they interview." But it is all to good purpose, he says - journalists do a better job as political reporters, financial analysts and foreign affairs observers if they fit into their surroundings without causing undue notice.

"All journalists should express a degree of independence, but not in a way that is embarrassing," he protests. "If I were at a board lunch and had dirty shoes, I would feel uncomfortable."

But everything has its place. John Walsh may appear unconventional to most people, but in the circles he moves, the way he dresses is convention. Even peacocks have their codes.



John Walsh, an avowed peacock in Kenzo jacket, Armani tie and Reiss shirt



DID William Shakespeare's muse home in on Southwark, south London, yesterday, for his 425th birthday? If so it might have been a bemused muse. Shakespeare would have looked at where his wooden O, the Globe, stood (now Park Street) and west across Southwark Bridge Road to Marlowe's Rose. Then he would wonder why his countrymen who profess to be so proud of him, and benefit from the tourists he brings the scepter'd isle, leave these two theatre sites sad and forlorn, when his descendants had the luck to come upon them a few years back.

It is a puzzle. It took an American, Sam Wanamaker, to build a replica of the Globe slightly to the north-west of both sites. The Globe itself looks like a bombed site, and the Rose lurks beneath the Rose Court office block strewn with banners advertising space to let. The archaeology at both sites is unfinished - at the Globe it has hardly reached the end of the first act. Yet these are the remains that can tell us exactly where the players made their exits and entrances and where the gravedigger dug in Hamlet, and so how the plays were played. The only way to learn is by digging them fully.

The Globe was built in 1599, and the lease names Shakespeare as one of the tenants. It was one of 11 or 12 amphitheatre playhouses built in London between 1567 and 1614 which gave acting companies permanent homes for the first time - and are the transition to the indoor theatres we know today. In 1613 a cannonade for the King's entry in Henry VIII caused a fire and the Globe burnt down. Rebuilt in 1614, it was finally pulled down in 1644.

Tenements went up on the site, as the archaeologists report in the account of the 1989-91 trial dig. They were demolished when Southwark Bridge was built in 1814-19 and Anchor Terrace (listed Grade II) in 1921. Most of the Globe lies beneath Southwark Bridge Road and Anchor Terrace.

East of the terrace the diggers found the outer gallery wall and what seems to be a stair turret, and signs of two phases of building - but it is unclear which Globe was built first.

With such a small patch excavated, diggers can tell us little more except that the audience ate hazelnuts and



American fund-raisers watch carpenter Martin Wright work on the wooden pegs holding the huge oak beams that form part of a reproduction of the Globe Theatre near the original site in Southwark, south London. This week the first performance was scheduled on the replica Globe site

Bard's muse of fate

Gerald Cadogan invokes the spirit of Shakespeare

that in Hollar's famous 1630s "Long View" drawing, from Southwark Cathedral tower, the building with a stair-turret marked 'beere bayting' is really the Globe, and that marked 'the Globe' is really the Hope, another theatre. The site and backbuildings still await the diggers' trowels, and the site sits idle while Hanson, which funded the trial dig generously, decides what to do.

Now is the time for Peter Brooke, the heritage secretary, to act. Jack-up Anchor Terrace on piles and dig beneath. Then look under Southwark Bridge Road. Then arrange to display what is left of the place where the world's greatest playwright put on his plays. This is our National Heritage -

as nothing else is in the country. And if you are sceptical, Mr Brooke - though you should not be, as a long-standing member of the Friends of Friendless Churches and so of the Ancient Monuments Society - think of our France, always ready to spend money on its capital city.

Do not forget the Rose. The Rose Theatre Trust has the offer of a grant from the South Thames TEC to open the site for plays and readings. That will bring the Rose back to public attention. But it still needs some £70,000 to prepare plans to conserve the remains permanently, complete the archaeology and display the theatre, and then much more money to carry out those plans.

If the Cabinet has doubts, tell them of the economic benefits. Southwark is bound to boom. It is crisscrossed with history. Here is an opportunity to make a comprehensive scheme, by world-wide architectural competition, to display it all as an historic area by the river, and even find a use for Bankside power station next to the Wanamaker Globe.

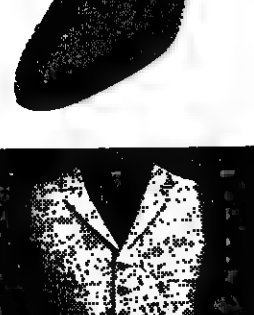
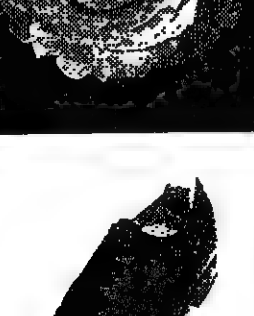
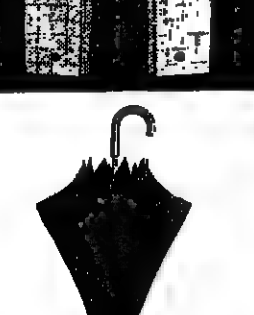
If nothing is done, we are left with the diggers' reports - a messengers' speech of tantalising brevity and a drama without end. Is that the way to treat this blessed plot, this earth, this realm, this England?

*Simon Blatherwick and Andrew Gurr, with John Orrell, *Shakespeare's factory: the Globe, Antiquity 66 (1992) 315-33*

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GARDENING AND MOTORING

Daphne: bad-tempered but so sweet

SPRING is spreading at various speeds through Britain. In London, lilacs are out already; in the Cotswolds, primroses have only just reached their peak. But a reader in Wales has written to point out that she has yet to see colour in anything, let alone a tulip.

Even on the Welsh steppes, one of my favourite ceremonies will soon be challenging gardeners. Since January, daphnes have been active; but during the next month, the best of them remind us why they are plants with which we should all experiment.

In small gardens, city gardens or adventurous gardens, daphnes have the quality which plain old ivy cannot command. They also have their awkwardnesses. Some of them will grow only for experts. Others will grow for all of us but will die back suddenly in the middle. A few of them are cheap, and all of them have yellow roots which cannot be moved. They hate disturbance and they hate invaders. I cannot blame them, but I also cannot move them or fork round them safely in the hunt for weeds.

The temperamental members of this family have caused others to be overlooked. This year, I have learned a little more about their signs of bad temper, but I also wish to begin with varieties which anyone ought to be able to grow.

My star performer is a daphne which is named after Naples,

although it is no longer to be seen there in its pure state. Neapolitanum will grow easily on any well-drained soil, but it is becoming rare in the better nurseries and needs a public campaign in its favour.

It turns into a low, neat evergreen with scented rose-pink flowers and it never grows more than a 18 in high. It is easy and, potentially, makes neat, low hedging, especially good in flower beds which back on to walls.

Its close relation, daphne Collina, also originates from Naples and can still be seen growing wild on rough limestone ground to the south of the city. Collina is much more common in the trade but it has the family's frequent vice: bits of it will suddenly die off without reason.

Neapolitanum is a much better buy for a front garden or an evergreen clump of five or six bushes in a bed of low-growing border plants. I hope that, eventually, I re-make its reputation.

It is not, however, the oldest form in gardens. My vision of the daphne goes back 1,000 years, to the Sung dynasty in China and the pleasant story of a somnolent monk. Beneath a cliff in distant Lu Shan, he is said to have dozed off in the shade and dreamt he was being encircled by clouds of heavenly scent.

I have never had scented dreams, but they are not a monastic privilege: we could all try sleeping on a bed of roses. For, when the monk woke up, he found bushes of daphne Odora growing in the rocks above him; he was breathing their unique scent in early spring.

He named them by the Chinese words for Sleeping Scent and bequeathed this legend to gardeners there. Seven centuries later, we finally caught up with China's flower culture and became aware of this enchanting shrub.

Odora's season has just finished.

and I have been tidying up two bushes of the golden-leaved form which is hardier and even sweeter. Both suffer from a problem which did not affect Chinese monasteries: they are riddled with a virus for which there is no cure.

Experts say the virus is the rea-

son for those daphnes with bare lower stems or twisted leaves at the tips of their branches. In the trade, quite often, Odora has become debilitated because the virus is perpetuated by cuttings, not by new introductions from the wild.

There is not much we can do. The only answer is to check carefully before buying an Odora and reject anything which might have twisted leaves. Growers are probably unaware of the problem, but it spoils at least half of the stock now on sale.

This warning should not deter you, though. It has not deterred me from a new experiment: the low daphne Mantensiana which is evergreen, sweet-scented, and willing to cover about 2 ft in height and width. Its main flowers fall in February and March.

Mantensiana is a post-war invention, bred in Canada from very different parents, which I have bought and recommend. It is now beginning to circulate more widely and deserves to make a name; but I fear it will not live forever because it, too, seems to die in places like the familiar Collina. Nonetheless, it is worth six or seven years' tolerance.

Perhaps these short prospects are too much for you. If so, do not desert the family: turn, instead, to one

of this post-war daphne's parents. It goes by one of two names, Buckwoodii or Somerset, but historians and botanists agree that the two plants have a similar parentage and do not vary.

By now, it is common in garden centres but ought to be much commoner with customers who want a peaceful reward. Scotts of Merriott, in Somerset, was one of those to introduce it and the firm's nursery list still remarks, justly, that one bush of this daphne will scent an entire garden in May.

Admittedly, it is not evergreen, but it will also make a spectacular hedge of informal, bushy proportions if you allow room for its spread and height of about 4 ft. I have used it successfully to hedge a grass path leading out into a less formal area of fruit trees and rough turf. Be sure to allow a generous width of grass so that the daphnes do not eventually block the way through.

Single bushes will scent anyone's garden, so try a short walk of Somerset and watch out for visiting monks on the nap. The scent on this variety is dreamy and easy for everyone - yet, we still make too little use of it in those coming weeks when tulips, everywhere, are going over and many of us are waiting for the main flush of roses instead.

Robin Lane Fox



Daphne Odora... bequeathed by a Chinese monk but riddled with a virus for which there is no cure

THE DAYS when you wanted a large estate car, could not afford a Mercedes-Benz 300, and had to settle for a Renault Savanna, Volvo 340/440/540, Vauxhall Carlton or nothing have long gone. Last year, Ford put right a major error of judgment and re-introduced a Granada (Scorpio) estate. Shortly before that, Citroën's XM had become the champion weight-lifter among large estate cars. Two more distinguished additions were the Audi 100 estate and BMW's 5-Series Touring (an estate car in all but name).

Now, Mitsubishi's Australian-built Sigma; a face-lifted, American-made Toyota Camry; and a load-carrying version of Volvo's front-wheel driven 860 have swelled the ranks further. So, from a position of relative scarcity, the buyer or user-chooser seeking executive-class comforts and performance plus bulk carrying capacity is almost embarrassed for choice.

You don't have to be an antique

Estates where expanse beats expense

Stuart Marshall tests a trio that blend executive-class comforts with bulk carrying capacity

dealer, or need to transport things like straw bales, to appreciate the main advantage of a big estate car - the sheer ease of putting awkward things in it. I mean things like two golf bags attached to their trolleys; black labradors on bean bags; or folding two-seat pushchairs, travel cots, and all the clobber parents of young children (and sometimes their grandparents) have to lug around.

Most of these (though not the dog) will go into saloon car boots singly, if not together. Even some of the least expensive models have big boots now and the cavern at the tail end of a £8,885 Seat Toledo (styled like a saloon but actually a hatchback) looks big enough to have an

echo. The flat-sided Seab 9000 is another hatchback that almost rivals a big estate car for carrying capacity. But for sheer load space, plus ease of lugging goods in and out, a proper estate car is unmatched.

For very large objects, the best buys remain the two-litre Vauxhall Carlton (called the Opel Rekord on mainland Europe) at £14,830 and Volvo's 340 Torslanda, one of today's greatest bargains at £13,386. Neither of these practical workhorses offers executive-class performance, though. For this, you must pay more.

I have just sampled three big estates with three-litre engines - the Sigma, Camry and BMW 530i

Touring. With air-conditioning and automatic transmission, they come in the £23,000-£35,000 price brackets. Any should satisfy business users accustomed to the highest levels of comfort, refinement and performance.

The Sigma estate might lack some of the Sigma saloon's high-tech features - for one thing, the V6 engine driving the front wheels has two valves per cylinder, not four - but it delivers ample power (189 bhp), is almost silent and returned a shade over 22 mpg (12.8 l/100km). And suspension designed to cope with fast driving in the Australian outback gives a superlative ride on normal roads.

As a motorway cruiser, the Sigma

is on a par with a Jaguar. It handles competently, feels as solid as a German car of quality and is totally relaxing to drive. It is a pity, though, that the rear seat cushion does not swing forward. The backrest sits on top of it when converting the Sigma into a freighter, so the load floor is not completely flat. And there is nothing to prevent a sharp-edged load from damaging the front seats should it slide forward under heavy braking.

Toyota's three-litre, V6, front-wheel driven Camry saloon is as suave as the standard-setting Lexus LS400, only a bit smaller. But some of this refinement is lost in the estate version. The greater volume of the load-carrying body amplifies

what little noise there is and, when running light, the stiffer suspension is less effective at smothering pot-holes and bumps.

This apart, I found the Camry 3.0 V6 GX estate a rewarding car to drive. The more I put in it, the better it went. At £23,999, it is notably good value because a silky automatic transmission, ABS brakes, leather seats, air-conditioning, cruise control and two rear-facing seats for children are thrown in. As a bulk carrier, however, a potential snag is how the rear suspension covers intrude into the load space.

The BMW 530 Touring is a jewel among estate cars. Its 218 horsepower, 32-valve V8 is of surpassing smoothness, spinning up to high

revolutions like a turbine, yet pulling without jerks in fifth gear at less than 1,000 rpm. Although a roomy estate - its load floor (rear seat folded) is 6 ft 1 in (183 cm) long - it feels, sounds and rides exactly like a saloon.

Predictably, it is expensive, with a key-in-hand price of around £32,000. This includes ABS brakes and self-leveling rear suspension but not a radio - BMW reckons customers prefer to choose their own. Extras on my test car included a traction control system (£1,250), driver's airbag and power-adjusted steering column (£905), and power-adjusted front seats (£370). Because the sun-roof had been deleted, air-conditioning added only £350 to the price - worth every penny, in my view.

Fuel consumption is around 25 mpg (10.8 l/100km). Clutch and gear-shift are pleasantly light but I would happily pay £1,650 extra for the optional five-speed automatic transmission.

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SPORT

Cricket/Teresa McLean

Grass masters protect their turf

I WOULD not do it for any other newspaper. A long journey into Yorkshire, a cold, hard afternoon's labour, then a long journey home late at night. It was worth it; the grass roots are fascinating.

The Sports Turf Research Institute, in Bingley, west of Leeds is a charity, founded by the Golfing Union in 1929. By the 1950s it was researching into all types of sports turf, with all their ailments, at the service of golf, bowls, cricket, football, hockey, rugby and racing.

Cricket is overshadowed by golf at the institute but that, they assure me, is cricket's fault. There was a turf revolution in golf about four years ago, following a lot of trouble about bad surfaces. Golf's administrators consulted the institute's experts. Today golf is overflowing with committees in charge of the construction and maintenance of golf courses.

"That's what we were founded for," the institute's director, Dr Peter Hayes, said with satisfaction.

Cricket has yet to have its turf revolution. It keeps its turf to itself, away from the institute's relentless enthusiasm for research.

"Senior groundsmen have a kind of aura attached to them which cannot be penetrated," said Dr Hayes wearily. "All cricketing authorities are difficult to advise. They are well meaning amateurs. They don't understand the importance of research."

When I talked to Tim Lamb, secretary of the Test and County Cricket Board's pitches committee, he gave a weary sigh of his own. "The STRI is all science. They are boffins who don't understand the practical side of making good pitches under match conditions.

Pitches are different when you play on them.

The amateurs and the boffins talk to each other at times, but remain at odds in the vast under-world of the cricket pitch. It is a world which only his headlines when people want a scapegoat for poor English performances, but it is always taut with pressures and politics. It is populated by players, groundsmen, executives, researchers and, unofficially, the local expert who has sat in the same seat for 50 years, watching every game and comparing every wicketed batsman with the real old fliers and skidders of his youth. Such an old faithful preferred the good old days when there was not all this fuss

about wickets. He has a point.

Back in the great days of Hambledon, Richard Nyren described the ideal pitch simply as a 22-yard stretch of the cricket ground, not to be altered "by rolling, watering, covering, mowing or heating" during a match. Subtleties of texture did not come into it when the turf was to be "if possible fed down by sheep."

In time, the culture of first class cricket turf grew more sophisticated, leaving the ovine mower in history. Cricket magazine attributed batsman Richard Humphreys's suicide in 1906 to the grim old pitches that had undermined his early batting, before "the later years, when pitches were vastly

improved". Today the improvement of pitches is verging on an obsession.

It is Graham Gooch's favourite topic of conversation; he is always happy to talk about the need for better wickets, without which he sees no future for English cricket.

Both the TCCB and the STRI are reluctant to give a precise definition of a perfect pitch because requirements vary from place to place, indeed within each pitch.

"We don't want a minefield, of course," laughed Lamb.

"Not a snooker table, of course," said Hayes.

Both were happier talking about what they did not want. Both cited Headingley as a problem pitch.

"It's been dug up and re-laid as many times as I've had a cooked breakfast in the last year," said Hayes, "to no effect."

In 1986 a wicket for a Yorkshire v Surrey match was condemned by a TCCB inspector. A deep shaft was dug, revealing what Lamb described as "something like a Nestle's polka-dot ice-cream" - layers of compressed organic matter and old topsoils, put there by successive groundsmen. This meant that newly sown grass could only put down weak roots, through a layer of accumulated organic fibre or "muck".

Solutions?

The TCCB is trusting to the skills of Headingley's groundsmen, Keith

Boyle, who dug up and re-laid the pitch at the end of last season. Lamb pointed out that it was the TCCB which got rid of the lush, green wickets groundsmen were preparing in the late 1980s to suit seam bowlers. It has everything in hand. This year's emphasis is on dry pitches to encourage spin bowlers. But it takes time.

"It's taken them 20 years to go round in a circle," was how they put it at Bingley. "There are always fashions in the soils groundsmen lay. This year everyone is using two parts Ongar loam to one part Surrey loam because that was successful for Harry Brind at the Oval. But there's no scientific understanding of what makes a good wicket."

We stood on a huge patchwork of trial turf areas. No-one could doubt the STRI's commitment. As others said before me, only time will tell what works best. It is a pity the assorted approaches cannot combine their work more easily to find an answer.

Tennis/John Barrett

Courier the king grows into his regal role

YOU MAY not even have noticed, but last Sunday in Hong Kong, Pete Sampras beat Jim Courier 6-3 6-7 7-6 in the final of the Salem Open. Nothing special about that, you might think. But it was a poignant moment in the careers of both young Americans. Nine days earlier, in Tokyo, 21-year-old Sampras had won his quarter-final against another American, David Wheaton, to displace Courier as the No.1 ranked player in the world. He is the 11th man to reach that pinnacle since the computer rankings were introduced in 1973. The Hong Kong victory therefore clearly stated: "The king is dead; long live the king."

Ironically, it was Courier's accession to the throne in February 1992 that sparked the ambition in Sampras to emulate him. "Seeing Jim at No.1 sets a goal for me," he said at the time. "I believe it's something I can do, too. It's a matter of staying healthy and playing consistently."

Yet, even with the help of his new coach Tim Lickteig, Sampras could not find that elusive consistency last year, especially in the Grand Slam Championships. Although he won five tournaments he ended 1992 ranked third after losing in the final of the US Open to Stefan Edberg, the semi-finals at Wimbledon and the quarter-finals in Paris.

This year Sampras could hardly have been more consistent. He has already captured four titles, starting with the outdoor event in Sydney last January. That was a prelude to his semi-final finish at the Australian Open.

Even his physical frailties seem to be under control. During his winning run in Key Biscayne last month he told me that he was taking pain killers for the shin splints that have troubled him since 1990 when, at 19 years and 29 days, he became the youngest ever winner of the US Open.

"I don't like it but at least it means I can compete. Anyway

I shall have two weeks off to rest before I have to play in Tokyo, it should be enough."

As the world now knows, it was indeed enough. Too much for Courier. These two have been friends and rivals since their junior days. As young professionals they were room-mates at the Nick Bollettieri Academy in Florida where Agassi was also in residence. They won their first important title together - the 1989 Italian Open doubles in Rome.

When I first saw him, Pete had just embarked upon his professional career. He was at Palm Springs in 1988. In those days he was a shy, gangling 16-year-old, all arms and legs, with smooth, effortless strokes but not much idea how to use them. To all of us it was apparent that here was a player with limitless potential.

He beat the graceful Indian Ramesh Krishnan in the first round, saving three match points in the process. That was a good sign.

Then he upset a man who had taught him much about match play at the Rancho Palos Verdes Club outside Los Angeles where they were both members. Eliot Teltscher was less than pleased at being beaten in straight sets. "I always knew the kid was going to be good," he said. "But I didn't think it was going to happen so soon."

Nor did anyone else. Sampras did not have a spectacular junior career. Although he could always beat the local opposition he could not make an impact nationally. Courier, Agassi or Michael Chang always seemed to be in the way. "I couldn't serve and I had no real idea of how to volley," he recalls. "I was just trying to play the way all the kids played - counter-punching from the baseline. I realised I would have to do something about my game."

He sought advice of a family friend, Dr Pete Fischer, who had been his unofficial (and unpaid) coach for some years.

Together they decided that if he was to make progress and become a volleyer, Pete would have to forsake his double-handed backhand.

Stefan Edberg had made a similar change at the suggestion of Percy Rosberg, who had been Bjorn Borg's first coach. Wisely Rosberg had left Borg with his effective two-hander but had changed Edberg because he had recognised Stefan's ability as a volleyer.

It was the same with Sampras. But the change was painful. "After six months of hitting the fence and losing my temper a few started to go in. It was a great relief," he says.

Ever since, more and more have been going in. Nowadays Sampras has the most complete game of all the leading men. His serve, fired at around 130 mph, has become Lethal Weapon 4, his groundstrokes, taken on the rise and hit flat and fast are as penetrating as any, and his volleys are punched firmly or caressed with sweet touch, according to the situation.

So what sort of man is the new world No.1? In a word: confident. That had always been the missing ingredient. Following his unexpected success at the 1990 US Open there followed two years of growing into the position. Pete's girlfriend De-Laina Mulcahy, a law graduate, has had a positive influence on the process. The benefit was clear in Key Biscayne. The mature way Sampras dealt with some of the most testing playing conditions I have seen was a revelation. A year ago he would not have coped.

So far this year Sampras has served 366 aces, over 100 more than his nearest challenger Michael Stich, even though he has got in less than 64 per cent of his first serves in. As Ivan Lendl used to say, it is not the percentage that matters but the moment. Sampras also leads the field on first serve points won (81 per cent), service games won (91 per cent) and break points saved (72 per cent). This superiority on serve



Lethal Weapon: Pete Sampras prepares to launch another of the 130mph serves that have carried him to No.1

gives him the freedom to go for his returns and gain enough breaks to win his matches.

The killer streak, essential to success, has become more obvious to his greater physical strength. He is now the perfectly proportioned athlete, strong, fit and fast. Yet, beneath the hard exterior is

the same gentle individual. When he won \$2m at the Compaq Grand Slam Cup in 1990 he gave \$50,000 towards research into cerebral palsy which had claimed an uncle.

Hardly surprising, this, from a man whose hero as a youth was the greatest of them all, Australia's double Grand Slam winner, Rod Laver who was

the epitome of sportsmanship and athletic chivalry. Watching tapes of the great man's matches was part of Pete's training routine. If he goes on developing (and, as he readily admits, there is room for improvement), tapes of Pete Sampras's matches will become required study for today's embryonic champions.

Horse Trials

A calmer horse on a safer course

MUCH is expected of King William next month - not least to behave himself. This magnificent nine-year-old eventer took Mary Thomson to her first win at Badminton in 1992. The same bold, headstrong beast then ruined her day at the Barcelona Olympics, taking her round the El Montanya cross country course at a speed and style that left the rider feeling shattered and irrelevant.

"It was horrible, a nightmare. I kept thinking why is this happening to me here, at the Olympics?" remembered Mary, as she prepared for the new season. "He'd always been brave and forward-going but that was very close to bolting - ugly and horrible."

"Towards the end of the course I was beginning to run out of energy and wasn't sure that I could continue to hold him. I was an absolute jelly when I got off and couldn't stand up but Willy was itching to go round again."

The irony was that because of the Spanish heat there were an army of vets standing by to attend to any exhausted horses. I can tell you that I needed the medical aid a great deal more than King William.

In the media centre the world's press assumed that Mary and William had taken the slower, safe route at many fences because they were "riding to orders" from a British team anxious to conserve points. This alleged excess of caution was attacked in many papers the following day, leaving Mary and her team-mates angry and despondent.

With the show-jumping section still to come, they were unlikely to disclose William's exact state of mind to the world but as Mary is now able to point out, taking the "chicken run" through those fences was more about saving life than points and no one needed to tell her to do it.

It was a bitterly disappointing end to a season that had begun so well. Mary Thomson describes 1992 in her book *Mary Thomson's Eventing Year* (David & Charles, £17.99). It was a spell that began with a mood dangerously familiar to all top athletes.

"When I won at Windsor a fortnight after Badminton it was my fifth consecutive win at a major three-day event. I was really on a roll, flying. Willy and I didn't seem to be able to do anything wrong," recalls Mary.

"Winning at Badminton was a dream forever. I'd been second but to win was such a higher gear. There is nothing like actually winning and going across country it gives you the confidence that is so important. You can fill a horse with optimism and bravery if you're feeling totally on top of things."

Thomson recalls the Sunday service at the little Badminton church on the morning after three horses had fallen and had to be destroyed in the cross-country phase. It was the worst day in Badminton's history and it was caused much heart-searching, not least with Hugh Thomas, the event director and course designer.

"I have to know in my heart that the course was OK and that is why we've had such intensive inquiries into the whole business," said Thomas, a former top event rider.

"Last year's accidents hurt our image with the public and quite rightly. It damaged people's perceptions of what we are about in this sport." This year around 200,000 spectators will come to Badminton to see

80 of the world's top event riders compete for the Mitsubishi Trophy.

Last year after a long spell of dry weather it began to pour with rain around dawn on cross-country day. By late morning the course was extremely slippery, although the technical judge pronounced it fit to ride. "It was very difficult for the early riders but our investigations have shown that the conditions were only a factor in the first of the three accidents," said Thomas.

Once we began to get a certain pressure - not from the competitors - to consider postponement, ironically conditions improved because the early horses had cut the ground up a fair bit. We can't find any explanation at all for the subsequent accidents. One fatality was in the water jump and in all my years in the sport I can't remember such a thing. Water usually cushions a fall."

There have been changes. The take-off area immediately in front of each fence will be

Keith Wheatley on precautions for this year's Badminton event

roped off and out-of-bounds to the public for a week beforehand. Thousands of human feet can compact the ground and make it potentially dangerous if there is sudden rain.

"One is reluctant to spoil people's enjoyment and appreciation of how difficult the whole thing is," said Thomas. "But safety has to come first. His fence repair team will switch their focus to keeping the going safe. It is amazing what half-a-dozen shovelfuls of stone-dust can achieve," said Thomson, who confesses to coming from an era when such precautions would have been thought wishful.

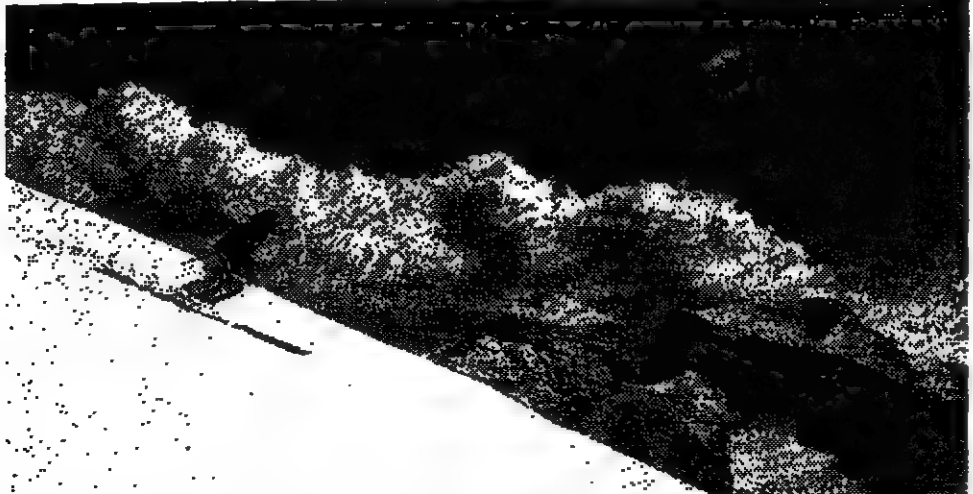
Thomas is a technical adviser to the International Equestrian Federation. He is aware that in some countries eventing is seen as bordering on cruelty to horses. Thomas is just back from Atlanta and talks with the American Humane Society (the equivalent of the RSPCA) over their concerns relating to the sport.

As perhaps the best-known three-day event in the world Badminton cannot afford any more mishaps. But in the short run the most interesting question is who will win?

King William has a new "cherry roller" bit imported from the US which, according to Mary, makes him easier to manage. At Belton last week-end he went beautifully across cross country and jumped a clear round in the show-jumping, his weakest phase. "If Mary and King William are in the form they were last year they will be nearly unbeatable," believes Hugh Thomas.

Skiing/Arnold Wilson

After the crowds melt away



Free run: since Easter many Alpine slopes have had good snow but no skiers

THE SKIING season is going out in a blaze of glory: what a shame there are so few skiers to witness it. This week, the sun has been scorching down on snow which on higher ground has defied ultra-violet and infra-red and remains in remarkably good condition. But because skiers tend to think that their world comes to an end at Easter there is an extraordinary, almost surreal and glutinous emptiness in the mountains. The Alps are almost as silent as they were before recreational skiing was invented.

In Verbier, Switzerland, teeming with people less than two weeks ago, there were not enough people on the entire network of slopes to form a queue even at Medran, where queues are something of a way of life in mid-season. You could actually arrange to meet someone on the mountain just by looking out for them: a notion that in mid-winter would be as absurd as hoping to bump into a friend in Oxford Street during a busy Saturday afternoon.

At Courchevel, where many executive jets were leaving but few were arriving, piste-grooming machines, for all the world like remotely-controlled moon-buggies, resolutely continued to groom and cover-up the odd bare patch on the lower slopes even though there was hardly a skier for miles.

Although many hotels put

their shutters up this week, officially the season does not finish in many resorts until next weekend. Will there be anyone out there still skiing?

There are exceptions. Some British tour operators, like football fans beginning to troop out of the ground before the final whistle, have done a U-turn and decided to stay on as clients suddenly appear

from the ether wanting to ski next week. Just as chalet-girls have started to spring-clean, a few skiers have woken up to the fact that there is still some good skiing out there.

In spite of an explosive start to the season and some wonderful snow - apart from an unnerving lack of fresh supplies between January and February - it has been a mixed

season for hoteliers, particularly in France. March, normally the central plank of a good season, was a disaster. The effects of the recession, exacerbated by the French themselves, who found election fever keeping them off their own mountains, were felt particularly badly by luxury hotels trying to take advantage of late school holidays in

France by keeping their March prices high in an attempt to extend the February high season.

Claude Pinturault, who owns the Hotel Annapurna in Courchevel 1850, admitted that most of Courchevel's ten four-star hotels have had miserable periods this season. There have not been enough affluent clients to go around. Pinturault has restructured next year's high season prices so that they will only apply to the French school holidays from mid-February to mid-March. To a certain extent, Courchevel has been a victim of the "fat cat" syndrome that has in the past shaken such self-confident resorts as Zermatt and Aspen. Believing themselves to be unassailable they have risked pricing themselves out of the market.

At least one hotel has gone bankrupt this winter in Verbier. There are whispers about one or two in Courchevel. Yet a few four-star hotels, like the Latitude, in Val d'Isere - which have pitched their prices more sensibly - have had a good season. And lower down the scale, two-star hotels, such as the Eldorado and

Aiguille Rouge, in Arc 2000, and the Eldorado, in Belle Plagne, have enjoyed enormous success.

Although snow conditions in the Alps after Easter have been excellent for the last three or four years, and prices are low, skiers often seem to have melted away by then. Next year, Easter is early: April 3. It would be inconceivable for this to signal the end of the season. Nevertheless, many resorts and tour operators are trying to improve their lot by promoting a summer season. Verbier is particularly anxious to fill chalets occupied by skiers in the winter with golfers, ramblers and parapentists in the summer.

Small tour operators, such as Noel Manzi, who runs Flexi-Ski (071-352-0044), have chalet apartments lying idle for much of the summer. "The mountains after Easter and during summer are spectacular," he says. "As it happens, we've got some late bookings for next week, just as we were about to pack up and go home."

Verbier's tourist director, Patrick Messelier, says: "You can even ski here in June and July if you want to."

For those torn between a winter-skiing break and a summer holiday, a morning on the slopes followed by a round of golf or some tennis in the afternoon is a tempting combination.

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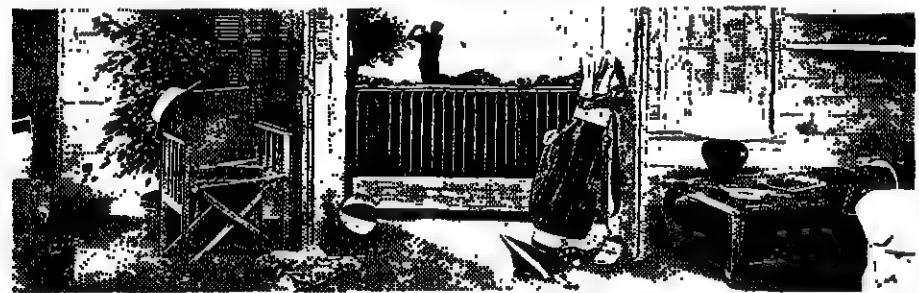
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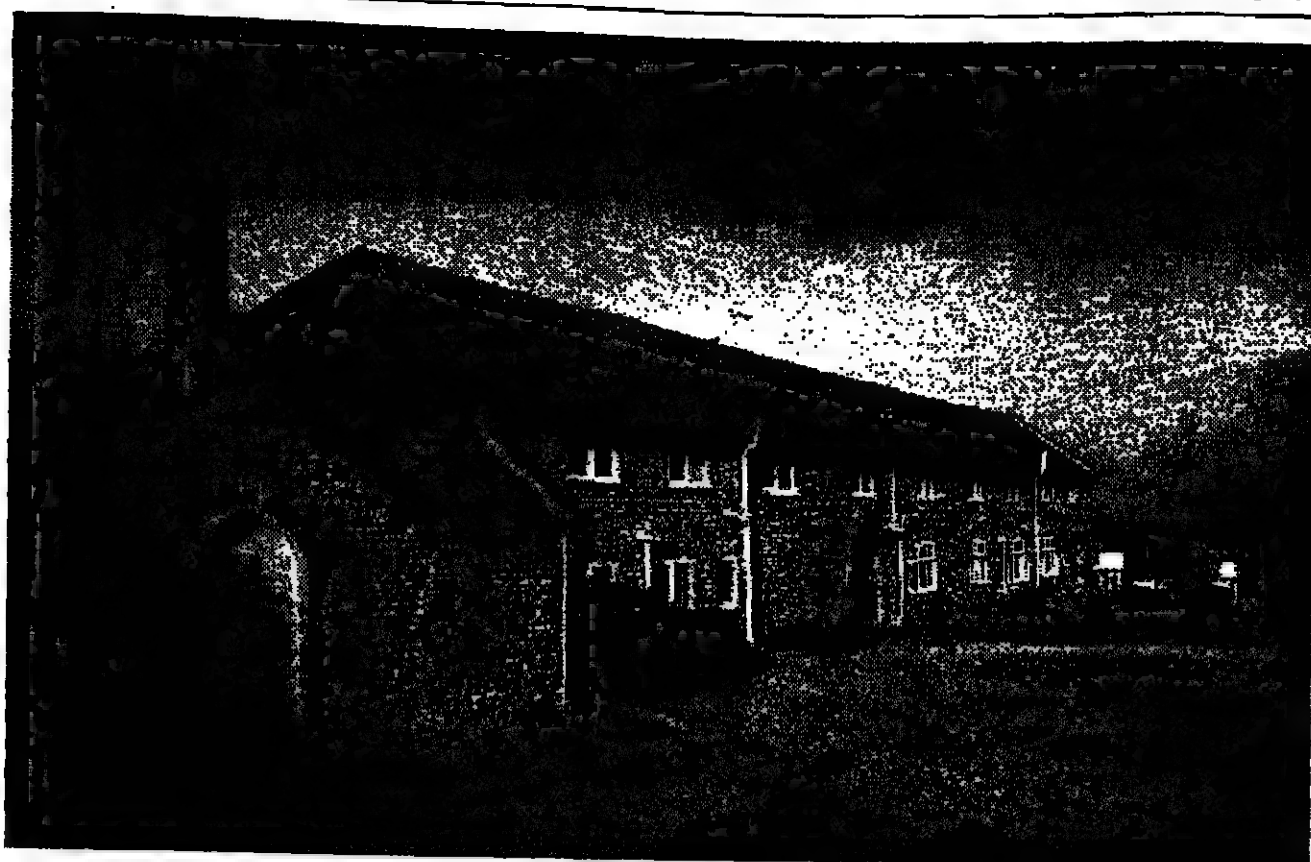
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مكتبة الأصيل

PROPERTY



Quay Barn at Blakeney near Sandringham in north Norfolk (£220,000 through Bidwells)



Narvide at Narborough near Swaffham, Norfolk (Bidwells, £200,000)

Like Brittany – but better

UNUSUAL houses at reasonable prices, and a rich choice of things to do, await those who venture into East Anglia. Pass on from Essex to Suffolk and you can go racing at Newmarket and sailing in the estuaries.

After sailing, how about a concert in Aldeburgh? Benjamin Britten's music paints the fickle North Sea, the bleak mud flats and the free spirit of East Anglian towns, as robustly independent as Delft or Hooen. Oysters and Muscadet at the Oysterage in Orford will bring memories of holidays in Brittany. Then visit Blythburgh church, the cathedral of the marshes, and Dedham and Flatford, where Constable painted, and you know you are still in England.

Stunning churches throughout East Anglia beat anything Brittany offers. They rose from the profits of the Middle Ages' wool trade. Often, the village has disappeared, leaving a powerful ghost in a church you see for miles across the low ground. And, for the mystery of it all, read *The Nine Tailors* of Dorothy Sayers, who grew up in a Norfolk rectory.

Church crawling becomes a major sport and a diversion from beach holidays at Great Yarmouth or at

Brancaster and Blakeney, on the north Norfolk coast, which became popular when Edward VII, as Prince of Wales, rebuilt Sandringham. Today, the towns and villages boast good shops and restaurants. The delicatessen in Cley-next-the-Sea, near Blakeney, sells fresh pasta and, in a shed in a Blakeney garden, lurks a second-hand book shop of rare quality.

Norwich is the heart of its county. Treats in town are the Castle Museum with its collections of John Sell Cotman and Lowestoft china and, for something more piquant, the Colmans Mustard Museum. Then, go out to the University of East Anglia to see its campus, designed by architect Denys Lasdun. The jewel is Norman Foster's 1975 Sainsbury Centre for the Visual Arts, and its modern art. It began as a replacement aluminium and glass palace that shone in the sun, but lost some of its gleam two years ago when white plastic panels replaced the aluminium because they leaked. It continues to be worth the journey.

Trains to East Anglia are good, as are the main roads (but watch the juggernauts). The A12 from London speeds up to Ipswich, Lowestoft and Great Yarmouth, and the M11 and A11 to Norwich. Across country to the Midlands, the soon-to-be-completed A45 leads from Felixstowe to Bury St Edmunds, Cambridge, Northampton and Coventry. In a tiny, remote Norfolk village, the big world is still near.

House prices soared late in the 1980s, especially in Norfolk from the impact of the M11, and have fallen as dramatically – to 40 per cent below the levels of four and five years ago. Agents have accustomed vendors to the realism of reduced expectations. But that looks to be changing. Demand is picking up, and there are more serious buyers with cash who are string of temporary living in a flat.

If confidence really is returning, prices should harden. But Norwich remains affected by employment worries, as Bidwells reports in its quarterly review; this could hold back recovery. All agents agree,

though, that they want new instructions to sell – at sensible levels – and foresee that there might not be enough houses for sale to meet the demand. It is a problem in East Anglia that while there are splendid properties in all price ranges, there are not so many of them as in the rest of the country.

Gerald Cadogan finds a rich choice of houses in East Anglia

Heveningham Hall, much discussed in the media last year – and "the grandest Georgian mansion in Suffolk" according to art historian Sir Nikolaus Pevsner – remains unsold and still has a guide price of \$4.5m (from Knight Frank & Rutley and Savills).

New on the market is a more modest mansion: the 18th-19th century, brick, Grade II Narborough

Hall near Swaffham, which comes with an ice house, cricket ground, two lakes, a boat house, lordship of the manor and 79 acres. What more could you want for around £500,000? (from Knight Frank & Rutley). Unless, that is, you wish to spend £500,000 less and buy Narvide (through Bidwells in Norfolk).

This looks as if it were the dower house of the hall and has the mill leet (the channel taking water to a mill) in the grounds. A bridge spans the leet and has a bench where you can watch the water flow by, or fish for trout.

Still on the grand side are Irming-lund Hall and its estate 16 miles north-west of Norwich (£2.4m from Strutt & Parker), and Spronghton Manor, near Ipswich, a Victorian house for around \$450,000 (from Carter Jonas) and designed to impose – as was an Elizabethan counterpart, The Hall at Burrough Green, near Newmarket (around \$375,000 from Hamptons).

The double bow-fronted, late-Georgian old rectory with 29 acres at Hitcham, near Stowmarket,

recalls the social position of the clergy (around \$600,000 from Bidwells in Ipswich).

In the humbler vernacular of half-timbering are the same agent's pink-painted Aspen Grove at Assington Green, near Sudbury (around £250,000); and, with thatch, The Walnuts in Watfield, near Diss (around £179,000).

Carter Jonas offers The White House – which is white and looks like three cottages joined together – at Foxhall, just outside Ipswich (£238,000); and a flint and brick farmhouse at Woodbridge (£197,500).

Jackson-Stops is selling the flint and brick Victorian Gothic Gazeley Mill Cottage near Newmarket (£129,000), and the truly ancient Old Hall at South Wootton, near King's Lynn (£230,000, down from £340,000). Frost offers the charming Grade II, pink, half-timbered Corner House in Kersey, near Hadleigh (£178,000).

Curries, on the edge of Blakeney, is a brick, flint and thatch house overlooking the salt marshes (Bidwells in Norfolk, £276,000). The Georgian Rosale Farm is just six

miles from Newmarket and has three paddocks (Bedford, £395,000). In Norwich, Strutt & Parker is selling two Georgian brick houses in The Crescent (£215,000 and £225,000).

Two unusual names are Mausoleum House in Felsham, near Bury St Edmunds, which has been in the same family since it was built in 1780 (Brown, £195,000); and Sally Beans on the edge of Cromer (Strutt & Parker in Norwich, £39,500). And for a truly unusual house (or, perhaps, four flats), there is the converted Redgate Water Tower at Hunstanton, a 1912 Norman keep in red brick. From its Astrorufed roof garden, you can man the battlements. Jackson-Stops is asking £200,000 as a whole or £100,000 for the penthouse on the top two floors.

Further information from: Bedford, Bury St Edmunds (0249-769 999); Bidwells, Ipswich (0473-611644) and Norwich (0603-763 930); William H. Brown, Bury St Edmunds (0249-763 131); Carter Jonas, Ipswich (0473-212 656); Frost, Hadleigh (0473-823 456); Hamptons, Bury St Edmunds (0249-767 338); Jackson-Stops, Newmarket (0638-662 231); Knight Frank & Rutley (071-629 8171); Savills (071-499 8644); Strutt & Parker, Ipswich (0473-214 941) and Norwich (0603-617 431).

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BOOKS

The face behind the distortion

Distraction was the name of Bacon's game, not shock, says Anthony Curtis

IN ONE of his *Interviews with Francis Bacon* (new edition 1979) David Sylvester asked him about the recurring image of the Crucifixion in his painting. The painter said that the Cross was only a convenient "armature" for different forms, and denied that it had any religious significance in his work although the outline treatment, he agreed, was derived from Cimabue. Bacon saw the whole subject as "just an act of man's behaviour, a way of behaviour to another".

This reply led Sylvester to probe further: why, if that was so, did an aura of religion hang over several other paintings, such as the famous series of popes with their origin in

the slaughtered carcasses hanging in a butcher's shop. And now in the recollections of Daniel Farson who, as a drinking pal and fellow-roisterer over 30 years, knew Bacon well, a similar attitude - of deepening the game while standing aloof from it - emerges throughout Bacon's life.

This book of Farson's is not any kind of formal biography, rather an extended piece of anecdote, placing Bacon firmly in his natural habitat, the world of the Soho pubs. It is slight but readable, some of it recycled from Farson's *Soho in the Fifties*; but the same story told many times is an endemic feature of Soho society, and the book certainly gives a revealing and lively view of Bacon as he appeared to his bar-stool chums.

He gravitated to Fitzrovia early on, when he arrived here from Ireland where he had been brought up by his father, a horse-breeder, or rather by the latter's groom and stable-lads who indoctrinated him into homosexual sex. In the frenetic days before the second world war in London, Bacon was a struggling, penniless, obscure, gay young artist, working briefly in the rag-trade. What is remarkable is how loyal Bacon remained for the rest of his long life not to any particular individual (he was ruthless about ditching ex-friends and ex-dealers) but to the Soho pub-and-club milieu.

Most artists leave their youthful haunts behind them when they become rich and famous, but not Bacon. He was still to be found at Muriel Becher's The Colony Room ("little more than a small and shabby room with a lavatory and a telephone at the back") or the York Minister ("the French pub") after its proprietor, Gaston Berlemont, even when his paintings were on sale for telephone number sums at the Marlborough Gallery, many of them to be snapped up by the Tate or the Museum of Modern Art in New York. A sprightly octogenarian, he died just over a year ago, leaving his entire estate worth around £10m to his long-standing boyfriend.

Bacon had a great contempt for money but luckily, from around 1960 onwards, was never short of it. A few weeks ago I reviewed a biography of Maurice Chevalier which revealed how he would go to extraordinary lengths to avoid paying a restaurant bill even after he had become a millionaire. Bacon was just the opposite. He always paid for the drinks and for the meal afterwards and became angry with anyone who tried to do so instead.

It was, Farson tells us, the custom for him to say at the end of a heavy Soho drinking-session, "let's go" - at which point four or five of them would repair across the road to Wheeler's fish restaurant in Old Compton Street where they would tuck into plates of oysters washed down with champagne, all paid for by Bacon (eventually). The book contains an interesting photograph from the 1950s of Bacon at his regular table there, surrounded by fellow-painters including Lucian Freud and Frank Auerbach, but the company was not usually quite as distinguished as that.

Bacon's well-known passion for gambling - he was an habitual of casinos in the South of France - appears as an offshoot of this same uninhibited attitude to money. Farson follows him abroad to the green baize pastures, enumerating some of his very large wins and equally large losses. It was all part of trying to get the maximum kicks from each lifelong minute with no thought of the consequences.

This attitude extended to his own work. He seems to have had a distaste for much of that too. Yet he was a tireless worker, making full use of the early morning from six onwards, capable of painting his way doggedly through some mighty hangovers; but, having spent weeks finishing something, he would frequently destroy it because it displeased him. Farson



describes how Bacon once saw in the window of a Bond Street gallery a portrait he had done of a friend who had stolen it from his studio. He wrote out a huge cheque for it, and then stamped it to extinction on the pavement outside.

I once met him and can vouch for the captivatingly ebullient, fearlessly spontaneous manner of which Farson says that Bacon rarely talked about Ireland and his background but strangely enough on this occasion he did. He tried to define the Irish attitude to sex, which he described as being in a large measure "the immorality of the mouth" by which I understood him to mean talking about it rather than actually doing it. That, one gathers from Farson, was not something of which Bacon himself was guilty.

Harding's itinerary. If one takes their death toll into account, the cost of ending white rule in Southern Africa is measured in the hundreds of thousands. His account is not a catalogue of despair, however. Whether in Eritrea or southern Africa he finds an extraordinary resilience, "people contriving to live beyond the wars, or in spite of them." Harding draws on his own expertise, but one of the merits of his book is that he lets Africans do most of the talking. Small wars, millions dead: who cares? For a while Washington did. Patient, skilful diplomacy by Chester Crocker, the US assistant secretary of state for Africa for much of the 1980s, extricated South Africa and Cuba from their entanglement in south-western Africa. With the vital help of Moscow, the process secured independence for Namibia and also paved the way to what should have been a lasting peace in Angola.

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Michael Holman

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FT Children's Book of the Month Fantasy kingdom in scrambled centuries

CHILDREN have an appetite for fantasy that is largely lacking in adults. That much is a truism. But why? Because fantasy feeds the child's own appetite for the freest and the wildest kind of speculation upon every aspect of the mystery of the life into which it has just been catapulted.

That is not to say, however, that successful fantasy does not depend upon rules. On the contrary, rules are of the essence. Good fantasy - Mary Norton's *The Borrowers*, for example, or *Alice* - may distort life (by a trick as simple as enlargement or miniaturisation, for example) but it also oddly mirrors it. Its truths are queerly, subversively true. Values and anti-values intermesh in a provocatively interesting way, and it is all to the good if (as in *Alice* again) the "twist" works that a book has been oddly mirroring reasserts itself at the end of all that speculative travelling. And this is precisely what happens in *The Crown of Dalemark*.

THE CROWN OF DALEMARK
by Diana Wynne Jones
Mandarin £3.99, 494 pages

mark, the fourth and final book in Diana Wynne Jones's *Dalemark* cycle of novels.

Diana Wynne Jones has been limning the features of the imaginary kingdom of Dalemark for almost 20 years. The first three books in the cycle appeared relatively close together, between 1975 and 1979, while this fourth and concluding novel (which is also, incidentally, the longest by far) has occupied her intermittently for the past ten years. The chronological span of the quartet is enormous - from the pre-history of the kingdom to its present day - but our attention is by no means equally divided amongst the different historical epochs.

The quartet begins with *Cars and Cuddles* (Mandarin, £3.99) which is set in the South of the country some time in the 18th century, and it describes the time-honoured role of the mysterious Singers, an ancient race of itinerant musicians who are able to travel freely between the North and South of the country: public performers, but also custodians of many old customs, sayings and beliefs. In this book we learn one of the most important facts about Dalemark itself: that the country, once ruled by a king, is now divided between the North and the South, and that within each of these separate parts there are a number of warring earldoms.

Michael Glover

Paris killed off by academia

BERNARD Shaw's aphorism about England and America being separated by a common language certainly applies to literary criticism. J. Gerald Kennedy's *Imagining Paris* is a case in point.

The idea is interesting enough: that the reason why Paris has attracted so many American writers has had more to do with what the city represented than what it actually was. Between Henry James' ecstatic account of feeling through the streets and Mary McCarthy's decision to settle there after the Second World War, a large number of American writers have testified to the impact of Paris on their lives and work. Professor Kennedy chooses three of them: Gertrude

IMAGINING PARIS: EXILE, WRITING AND AMERICAN IDENTITY
by J. Gerald Kennedy
Yale £25, 269 pages

Stein, Ernest Hemingway, and Henry Miller. An additional chapter under the heading of "Modernism as Exile" deals briefly with Scott Fitzgerald and Djuna Barnes.

Fair enough. This, after all, is what every American graduate student is taught to do. First, choose your topic, then confine it to a limited number of authors. Too many details about too many writers would arouse the antagonism of the examiners. So ignore Edith Wharton and Ezra Pound; ignore John Dos Passos, HD, William Carlos Williams, and Thomas Wolfe; ignore Sylvia Beach, Point Two; never venture your own opinion; always quote authorities.

The result is a dullness beyond belief. I should know. For many years it was my lot to review the hundreds of books about American literature which pour from the university presses every year. All of them followed the same pattern whether they were called *Imagining Paris* or *The Fine Hammered Steel of Herman Melville*. One would have thought that by the time American academics had reached Professor Kennedy's maturity they would

have shaken off their shackles. But no. The habit is too ingrained.

But there have naturally been exceptions. F.O. Matthiessen, Henry Nash Smith, Perry Miller, Lionel Trilling and Yvor Winters are examples of American academics who have been bold and talented enough to move from methodology to idiosyncrasy. But it is perhaps significant that the most brilliant of them all, R.P. Blackmur, never went to university at all, and Edmund Wilson kept well away.

None of this would matter very much if the products of American scholarship were confined to the academy for in-group seminars, but sometimes they are unleashed on the general public. Not that one should be too hard on Professor Kennedy. He obviously hasn't a clue that he is doing anything out of the ordinary.

And indeed he is not. In the time-honoured fashion he trundles out one opinion after another. A Joshua Meyrowitz proclaims that television, "that most insidious instrument of post-modern culture," has deeply undermined our sense of place. Leonard Luttwak has remarked that we lack a theory of the formal use of place in literature. Edward Ralph speaks of places as focuses of intention. Yu-Fu Tuan believes that place is a concretisation of value. And so on. Yet, beyond this nonsense, there is much to commend in Professor Kennedy's study.

He succeeds best where he follows the text. The Stein material comes to life as he describes Stein and Picasso embracing when they discover that the Germans have not touched Picasso's precious canvases. Henry Miller's preoccupation with images of birth and the female genitalia is (naturally) referred back to his childhood. Hemingway's latent homosexuality is also traced back - in this case to the fact that his genteel mother in Oak Park dressed him in girls' clothes. Very little of the material is original, but it is neatly brought together. So, if the reader can gloss over Professor Kennedy's authorities, there is enough to reward him in this oddity schizophrenic book.

Geoffrey Moore

Small wars, millions dead: who cares?

RHODESIANS NEVER DIE
by Peter Godwin and Ian Hancock
Oxford £35, 400 pages

SMALL WARS, SMALL MERCIES
by Jeremy Harding
Viking £18, 442 pages

HIGH NOON IN SOUTHERN AFRICA
by Chester Crocker
W W Norton £24.95, 384 pages

ity, and either manufactured what they formerly imported, or managed without.

The dark side is that white Rhodesia tortured its enemies, executed jailed guerrillas in secret and lacked the decency to tell next-of-kin, and compulsorily regrouped thousands of peasant families in "protected villages" which became urban slums. All this was known. Other truly

terrible deeds have since been revealed. Ken Flower, Smith's intelligence chief, recruited a black church minister to supply poisoned clothing to youngsters who thought they were joining the guerrillas. Hundreds died a horrible death; Flower had the minister assassinated to avoid exposure, but recounts the tale in his autobiography. As Donald Lamont, the deported Catholic bishop observed, white Rhodesians became moral pygmies, and Godwin and Hancock put them under the microscope.

It was Flower and his colleagues who helped cultivate civil war in neighbouring Mozambique, one of the African battlefields so vividly and intimately covered by Jeremy Harding in *Small Wars, Small Mercies*. Rhodesia helped arm and train Renamo, retaliation for Mozambique's support for guerrillas. Harding picks up the story from later on, when Flower's work had been taken over by South Africa.

Mozambique became part of the front-line in the battle against apartheid, as did Angola, also on

15 years Jock and Hazel and their like defied the world. Never more than 275,000 of them, and outnumbered 15 to 1 by blacks, they were eventually ground down by sanctions and a guerrilla war.

Over 20,000 people died - 468 white and 7,790 black civilians, 1,361 members of the security forces (just under half of them white) and 10,450 guerrillas. By comparison South Africa is getting off lightly. Apartheid's death toll over the past decade is under 10,000. On a deaths-to-population ratio, South Africa would have to endure 120,000 fatalities before reaching a settlement.

The Unilateral Declaration of Independence in 1965 brought out the best and the worst of white Rhodesia, caught up in the myth of a frontier society of pioneer stock which defended Christian values.

Most were not Rhodesian-born; the majority were immigrants, as Godwin and Hancock point out. But they kept Morris Minors on the road, and Viscounts in the air, longer than anyone thought possible. They broke sanctions with ingenu-

Chinese gamble over Hong Kong's future

HONG Kong is such an amazing freak of history and the game over its future is such a gamble and so uncertain that it is surprising there are not more books written about it. One reason, no doubt, is that the story does not stand still long enough for anyone to write a book which is not going to be overtaken by developments long before it is published.

Robert Cottrell, in *The End of Hong Kong*, solves the problem by ending the narrative in 1984. This gives the book a better shot at longevity, but a smaller claim to relevance. The book details every step of the complex quadrille danced by diplomats from Peking and London in the early 1980s, leading to the 1984 Joint Declaration under which China will take back Hong Kong at midnight on June 30, 1997.

As a reference work on the era, it is excellent. Cottrell, a former corre-

spondent of the *Financial Times*, includes some nice insider details from the British/Hong Kong side which flesh out the story. His description of how, during the confidence crisis in 1983, the government decided to peg the Hong Kong dollar to the US dollar at the rate of

THE END OF HONG KONG
by Robert Cottrell
John Murray £19.99, 244 pages

7.80 - which survives today - is fascinating: "There was an initial inclination to set the rate at HK\$8, a number which had the additional advantage of being considered auspicious in Hong Kong, because it supplied in Cantonese a near-homophone for 'prosperity'. But Bramridge felt that HK\$8 was too simple a number, lacking an appropriate air of scientific calculation. A

slightly stronger rate, HK\$7.80 was arbitrarily fixed and then published. The peg was in place."

On the negotiations over Hong Kong's future, the book lacks the balance of insider detail from the Chinese side. But perhaps there was not much more to say. Thereby hangs the book's biggest problem - the outcome of the negotiations on Hong Kong's future was never in doubt. As a result, much of the detail of the negotiations, while riveting at the time, is irrelevant from a longer-term perspective.

The British began the negotiations in 1982 with the position that Britain had to retain a role in the administration of the territory for it to remain prosperous. That may or may not have been true, but the point was irrelevant. China's top priority, based on what you might call Opium War psychology, was to take back Hong Kong no matter what the consequences.

Not only was the outcome inevitable, but there is also a chance that the document that resulted, the Joint Declaration, may prove in the long run to be irrelevant, or interpreted by China's current or future leaders in ways entirely contrary to what the British thought they were agreeing to.

As Lord Derwent aptly put it in the debate on Hong Kong in the House of Lords last December: "The problem with the Joint Declaration is rather the same as the problem with the Maastricht Treaty. It is so cleverly drafted that it is possible for the two sides to agree on every word of the text without there being any real agreement on what it means or how it can be applied."

One of the most basic misunderstandings over the years has been over the famous Chinese promise to Hong Kong of "One Country, Two Systems" for 50 years beyond 1997. The Chinese basically meant two

economic systems, while Westerners very often assumed they meant two political systems. They didn't.

In a way, the really interesting story begins where Cottrell ends - with the changes unleashed by the Joint Declaration which are transforming Hong Kong from a British colony into a Chinese city. The process is almost complete.

He mentions some post-1984 developments in passing in an Afterword: the flight of money and talent in the late 1980s and early 1990s; the growing economic power of southern China; and Britain's inconclusive flirtations with Hong Kong democracy, before and after the 1989 Tiananmen Square incident, which have landed Governor Chris Patten in the soup. But it is all such a moving target that it is hard to blame Cottrell for ending the story where he does.

Graham Earnshaw

BOOKS/ARTS

The art of success

RARELY does an independent British publisher get to celebrate longevity these days; so many have been swallowed by larger competitors. It is even more unusual for a publisher to undertake a promotion not simply designed to sell more of its books but which also hopes to prod the general public into an appreciation of the visual arts, design and architecture.

But Thames and Hudson's *World of Art* series is 35 years old this year, and its promotion on May 1 is quite exceptional. The distinctive black paperback collection of more than 130 titles, which eclectically stretches from Abstract Expressionism to Women, Art and Society is proof that commerce can still be both intelligent and successful.

To commemorate its 35th anniversary, T&H, as everyone knows it, is running a UK-wide *World of Art* day on Saturday May 1 when visitors to galleries and museums in Belfast, Cambridge, Glasgow, Liverpool, London, Oxford and elsewhere can get two entrance tickets for the price of one.

The only requirement is to carry a copy of a *World of Art* book, new or old. Visitors to galleries and museums which do not charge entrance fees will be able to get discounts on selected items in the gallery shops concerned.

T&H will be donating a percentage from sales of its *World of Art* books to three charities (two art charities and Greenpeace, the latter because of T&H's dolphin logo) between April 19 and May 3. T&H will be spending in the region of £50,000 on the promotion. UK and overseas turnover this year will reach about £16m in wholesale prices for the company as a whole.

T&H started life in 1949, established by Walter Neurath, an Austrian who fled Nazi-controlled Vienna and arrived in London in 1938, and his second wife Eva, who remains chairman. Neurath's Fabian-socialist leanings inclined him towards producing high-quality art books at prices within the reach of the general public. He

published *English Cathedrals*, T&H's first English-originated book, in 1950. Far in advance of current "New Age" vogues, T&H's list has since its inception been shown interest in exploring not just classical fine arts but also more esoteric visual arts, mythology and what Thomas Neurath - Walter's son and currently managing director of T&H - calls "archetypal psychology".

Among its earliest series was *Myth and Man*, about the Homeric gods and Celtic mythology. The new publications for 1993's *World of Art* series include *Aboriginal Art*, *Buddhist Art and Architecture* and *Latin American Art of the 20th Century*. More than 23m *World of Art* books, in 16 lan-

guages, have been sold since the series began.

T&H has prospered since first established. Thomas Neurath says that T&H's relatively small scale is a "very viable model for publishers to stick with." The company is guarded from death duty erosions of its independence by its family trust status. Moreover, T&H regularly makes the top-ten list of booksellers' favourite publishers, because the company has an enviable reputation for sticking to its promises, delivering times and payments, all basic business practices, towards which larger publishers sometimes take a rather more cavalier approach.

That reputation secures a welcome in other markets. T&H has set up a joint venture with a Spanish publisher, it publishes with companies in Italy, and Germany; it runs its own companies in Australia, France and the US, and has links with Japanese publishers. The *World of Art* series is priced very competitively, at £6.95 a paperback, for books crammed with black-and-white and colour illustrations. Given that an ordinary unillustrated

paperback can cost rather more than that, isn't T&H failing to maximise potential profits? Not necessarily, and Thomas Neurath demurs at the suggestion that T&H is philanthropically inclined. The economics of the *World of Art* series require that a typical first print-run will be about 30,000, quite substantial given that in the UK today a hard-back print-run for a first novel might be as little as 500.

T&H has been hit recently by increased reproduction fees expected by museums and galleries for publishing paintings and exhibits; the estate of Salvador Dali gets a higher royalty for the *World of Art* book on Dali than does its author. Neurath argues that "even if you end up paying £250 for a picture, once you spread it across a first print-run of 30,000 and then the book goes on selling, it doesn't really cramp you hugely. The whole economics is geared to volume."

But with telescoping attention-spans the order of the day, is not Neurath worried that the *World of Art* series, which requires a growing audience of thoughtful readers, might be running against the tide of contemporary culture?

"There are perhaps two streams operating. Not everyone is playing Nimed. Perhaps it is a sort of compensation. Short attention span activities are fulfilling up to a point. Eventually people realise that a wider view and a more sustained level of interest may be more important."

The *World of Art* series has become synonymous with well-written, informative and admirably illustrated guides to the finest of art and artists. "The aim we have is to get people who know their subject and can write clearly and in a manner which is free from jargon... it's a very affordable and straightforward way of absorbing knowledge. Inexpensive books, which are accessible, open windows for people," says Neurath.

How many publishers today speak of opening windows for people - and even put their words into practice? That in itself is cause for celebration.

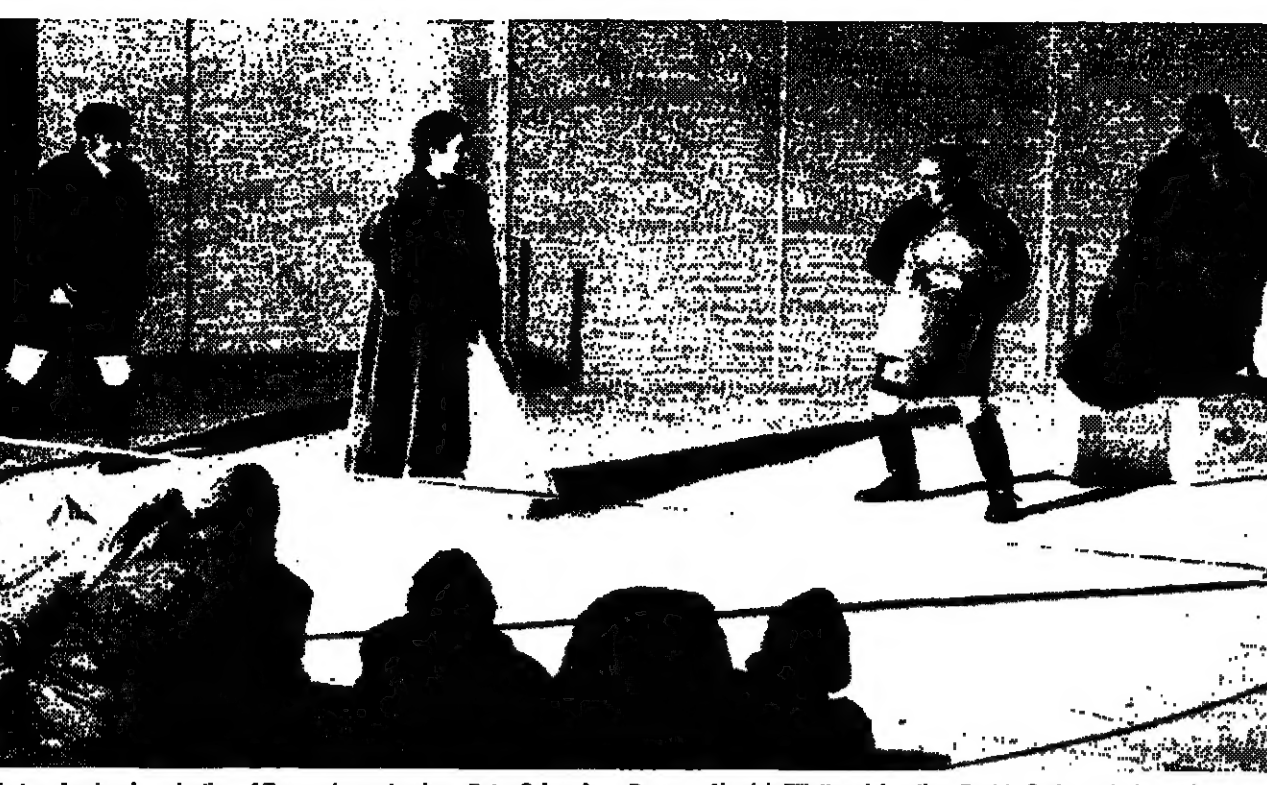
BIG OPERATIC

excitements are being unleashed in Birmingham. In five packed years of existence City of Birmingham Touring Opera has established a sharp-profiled artistic identity with its chamber-opera versions of *Bohème*, *Flute*, *Faust* and a two-part *Ring*-cycle abridgement, all by the company's artistic director, Graham Vick. Now the company credo is being tested to the limit with a Rameau opera - *Les Boréades* (1784), last in his series of *tragédie-lyriques*, re-named *Beyond the North Winds* in Amanda Holden's new translation.

The adventurousness of the undertaking needs to be underlined: this is no boiled-down CBO production but a full-strength affair, with a 21-person period-instrument orchestra, a chorus of 15 and a dance-troupe of 12. What is more, it proves to be - shaming fact the first full-length Rameau opera production by any professional British opera company. Up to now this composer has been given solely in concert performance, in the pioneering "historical" revivals of the English Bach Festival, and in student stagings.

The small Birmingham company ventures lightfootedly where Covent Garden, with its opera and ballet companies on call, has so far feared to tread. There is, of course, a reason for such reticence on the part of the big companies: the demands of the *tragédie-lyrique* form for highly organised, intricately interlaced patterns of song, dance and visual spectacle.

Rameau stage-works do not play themselves. Part of the boldness of this new production comes, as it were, with the CBO territory: a company whose policy is to perform in out-of-the-way venues to audiences of multiracial makeup must find a way of re-creating *Les Boréades* in terms of widely appealing modern stagecraft. Vick and his production associates (designer Paul Brown, choreographer Ron Howell) have managed this with enormous imaginative daring and zest. The choice of Birmingham performing space is itself an element in the risk-taking - the Mayfair Suite, an unused, decaying reception hall in the city's central shopping mall,



First professional production of Rameau's masterpiece: Peter Snipp, Anne Dawson, Alastair Elliott and Jonathan Best in Graham Vick's staging

Beyond the North Winds

forms a wonderfully louché, provocative backdrop to these fantastical high-caste rituals of the courtly French lyric theatre.

The tale of the re-discovery of the last Rameau opera has been told on this page more than once. This latest episode in that tale is designed to demonstrate in a new way what an astonishing piece of music-theatre it is.

In *Les Boréades* Rameau welded the minutiae of the *tragédie-lyrique* format into longer spans of "cumulative" music-drama than he had created before, cutting across formal convention and dashing the ear with melodic inventions and instrumental combinations which further that dramatic condensation process. The libretto (probably by Cahusac) offered him choice opportunities for confronting opposed worlds of Greek mythology, decadent Bacchic aristocrats versus noble followers of Apollo, and for posing an heroic rescue quest as the cen-

tral burden - at times the hieratic rites of Mozart's *Flute* and the Romantic dramaturgy of Weber and Wagner seem only a step away.

A square white platform, framed at the back with sliding panels and a raised eyrie for the orchestra, with a revolve at its centre, forms here the foundation of Vick's re-invented wit and keen colour-contrast which nevertheless suggest an understanding of and sympathy for the original. As yet it does not get all the way through. Alastair Macaulay will shortly be reviewing the dance elements; for myself, I found the modern dance language sensitively forged - while the earlier dance diver-

choice; in these spaces the instrumental sound was too often dulled and out of tune. The main shortage, I would suggest, is of vocal virtuosity: the CBO cast are all capable young singers, practised in a wide range of operatic styles, but note-for-note precision of placing is in short supply, and verbal clarity is even scarcer - only Jonathan Best (Adamus and Boreas) and Peter Jeffes (Apollo) make anything at all of the Holden translation.

All this said, the whole achievement is exhilarating. Debussy, a Rameau *apostrophe*, ended an appreciation of a 1983 *Castor et Pollux* revival with an apology for doing so at such length - but "moments of real joy in life are rare". Since this *Boréades* provides an abundance of those moments, I now echo the Debussy apology.

CBO Opera at the Mayfair Suite, Birmingham this Saturday; then on tour to Salisbury, Coventry, Nottingham and the Brighton Festival

Max Loppert hails Birmingham Touring Opera's new production of Rameau's 'Les Boréades'

Rameau music-drama. Tuxedos and ball-gowns out of 1950s movie musicals clothe the Bacchians, saffron scarves and linen baggies the Apollonians. The "marvellous machines" of 18th-century theatrical practice are supplied by sleight of hand and skilful (even if on Wednesday pre- to computer-board dysfunction) lighting.

In sum, this is pocket spectacle, worked up with impudent

There was not universal approval, but winning this year's RIBA architecture award was a vindication and there is a new appeal for £7.5m to update the main galleries.

There is plenty of ritual at the RA, not least with the selection of the Summer Exhibition which has just begun. De Grey saved the Summer Exhibition, which by 1977 had become a financial liability, by pushing through commission, 15 per cent at first and now up to 30 per cent, which provided essential income.

But some RAs want the Summer Exhibition abandoned and replaced by an RAs' show because they are worried about their work getting lost among the 1,200 other works submitted: de Grey suggested having one alongside the Summer Show, a notion which threatened to become divisive and was dropped. Now Allen Jones has raised it again.

That they can rationally discuss setting aside for the good of the art an institution enjoyed by upwards of 120,000 people each year, even temporarily, is owed to the white knight chairing the round table. "Roger de Grey is simply the best president this century" said Tom Phillips.

The RA'S white knight steps down

restored the reputation of the other, the Academy Schools. De Grey looks anything but the sinister eminence grise his name conjures: a slight figure clad in jacket, slacks, button-down shirt and knitted silk tie in colours reminiscent of the gentle French *Célestes* (landscapes he paints. He is a doughty combatant for his students, and will continue as Principal of the City and Guilds art school.

The history of the Academy is full of schisms, rows and cabals. Constable and Gainsborough both withdrew from the Summer Exhibition; Spencer, Sickert and John all resigned; and in 1990 Caro refused to join. The biggest presidential crisis was in 1949, caused by Alfred Munnings' refusal to accept that Picasso, Matisse and Moore were worth consideration.

Tom Monnington's ten-year presidency which ended in 1976 began the rehabilitation which was continued by the

ebullient Hugh Casson. But Casson was an architect, and it needed a painter to bring the painters across. For 20 years de Grey had taught at the Royal College of Art, and was part of the RCA underground in the 1950s and '60s

which wanted to reform the Academy. Treasurer throughout Casson's presidency, there was no surprise when he was elected on Casson's retirement. Still, he did not really want to be president. "I'd never had a job where I had to be a public figure, and this was a job in which you had to be one. If you couldn't become one you'd failed. I said 'I'm not a speaker, I'll just say what I think', and I did. Sometimes it works."

The rarely used Diploma Galleries were the obvious place to start and he launched the academy into a massive £10 million scheme to join the RA's two separate buildings together, unify the Victorian incursions and introduce modern atmospheric controls, display space and access in architect Norman Foster's prize-winning design. De Grey got sponsorship after chatting to the millionaire Arthur Sackler on a bus between New York and Philadelphia.

Purnell said the City "is reluctant to agree to a formula of deficit; it wants it to come with a clean sheet." BRB's independence is thus likely to involve more corporate sponsorship unless it falls back on an endless list of theatre-filling Tchaikovsky ballets.

Reduced grants and the absence of a parent would put BRB in a financial trough. BRB's administrator Derek

For all that, BRB still ended the year with a £233,000 deficit, absorbed in a Royal Opera House accounts. This year, though, the Birmingham City Council grant is down to

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ASIAN ART AT SPINK. Opens Monday for one week, 26-30 April, 9.30 - 5.30, 5 King Street, St James's, SW1.

Fiction

Dangerous obsession

WRITERS are often offered stories by strangers. When Ruth Prava Jhabvala is asked by a distraught old woman to write her daughter Angel's story, she is dubious but not surprised; though she knows too little about the girl to make a biography possible, and there are few papers, letters or tangible remains.

I am not sure that the mixture of fact in this prologue and fiction in the rest is needed. A novel without pretence of factual authenticity seems perfectly in order and indeed one plunges into it with immediate belief and commitment. It deals with love as obsession, in human terms as madness: the total devotion of saint to sinner, of innocence to depravity. Angel and Lara, first cousins, are as diverse as two people can be. To say that Angel is plain and good, Lara electrifyingly attractive and bad, is too simplistic. Lara is not just capricious, promiscuous, impossible, but sick, identifiably mad.

Beside that, Angel's mystical sense of Lara's importance is an "absolute" emotion, making a relationship like that between worshipper and deity. Angel sacrifices everything for Lara - her own beloved

mother, her close friend, her way of life, finally life itself. The story is told with great clarity, beauty and strength; it echoes much else, means more than it says, has resonances which have something, but not everything to do with style. It shows Ruth Prava Jhabvala at her peak.

Breach Candy is a first novel full of zip and promise. Two

POET AND DANCER
by Ruth Prava Jhabvala
John Murray £14.99, 199 pages

BREACH CANDY
by Luke Jennings
Hutchinson £14.99, 254 pages

CLEOPATRA'S SISTER
by Penelope Lively
Viking £14.99, 282 pages

narrators alternate in telling their parallel tales: June, a ballet dancer and Stanley, a director of television programmes, both, after burning their professional boats in England, have landed in Bombay, neither knowing quite which new way to take. In the Nepean Sea Bathing Club for ex-pats they meet, become friends, exchange confidences, talk of things never told before. He, of how he left his world at the

age of seven, when his parents were killed in an accident; she, of how she failed on the night she was given her first starring role in ballet and never got a second chance. He tells, too, how the girl he loved betrayed him: is physical betrayal which doesn't mean much, worse than unphysical infidelity which does? As they say on exam papers, discuss.

The future of fiction seems in good hands when a first novel packs so much in and at the same time leaves plenty over. There is feisty dialogue, variety and sharp, an ear for English as spoken by Indians, not at all Peter Sellers-style; a powerful sense of weather, heat, physicality; an intimate knowledge of ballet and how things are done in it, an equal familiarity with India. The ending seems abrupt, but never mind. Much more must lie ahead.

Strangers thrown together in stress or danger is a favourite fictional device, heightening feeling, speeding up relationships, magnifying everything; there are plenty of models. Hostages after a forced landing is the obvious present-day example. In Penelope Lively's *Cleopatra's Sister* they are seized in a Middle Eastern country where a Gadafi-like dictator has just taken power. His enemies, having fled to Britain, he grabs the British passengers on a flight to Nairobi. Swap my enemies for them, he tells the British government. In the mounting horror and occasional hysteria, two people fall in love, and their subterranean happiness in spite of all the rest is credibly put across. The modern capital city, where Cleopatra's sister is said to have ruled, is gruesomely vivid, and its regime of capricious terror seems sinisterly familiar.

Isabel Quigley


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ARTS

A royal feast of Canalettos

Susan Moore reviews the exhibition at the Queen's Gallery

HORACE Walpole disparagingly referred to Joseph Smith as "the merchant of Venice". It is a sobriquet that fails to do justice to a singular personality who combined the talents of banker and British Consul, bibliophile and publisher, art agent and collector. He amassed the finest array of Canaletto's work and it is our good fortune that he sold it - along with other outstanding paintings, manuscripts, drawings and prints - to the young George III.

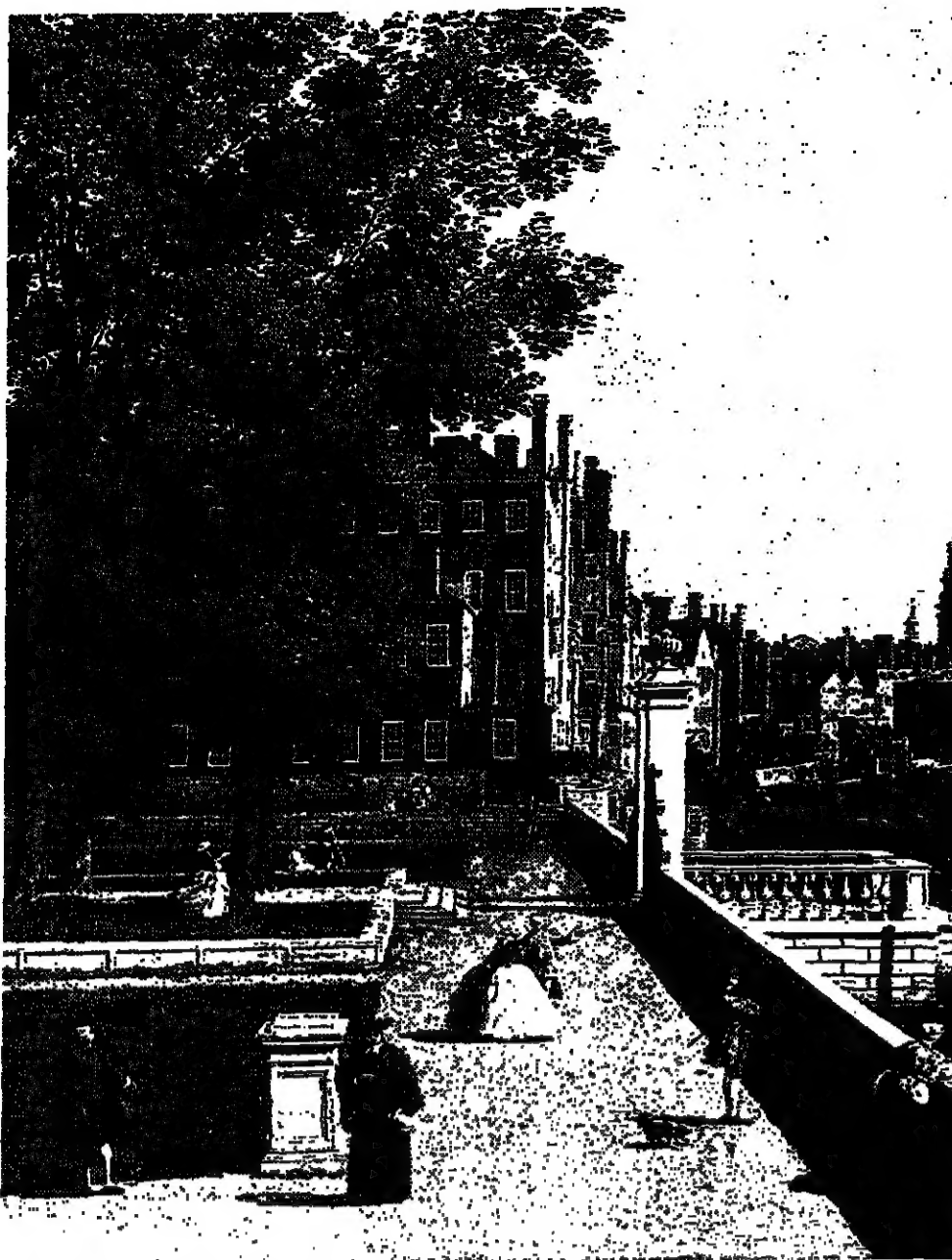
A King's Purchase: King George III and the Collection of Consul Smith is the latest of the year-long exhibition at the Queen's Gallery devoted to various aspects of the Royal Collection. A less ambitious affair than last year's impressive evocation of the Prince Regent's Carlton House, it is the return home of a selection of Consul Smith's Italian Old Master drawings after an international tour, adapted and extended in form. No new research is offered, and no picture is unveiled for the first time. Yet these morsels constitute a rare feast. A wall of two of 13 out of some 50 Canaletto oils; a Bellini portrait and a Vermeer make for exceptional *amuse-guestes*.

It appears to have been the books and manuscripts rather than the works of art that primarily interested both Consul and King. Smith was a knowledgeable collector-cum-dealer, particularly of incunabula, and by the time of his death in 1770 he had amassed a second and no less important collection which sold in nearly 2,000 lots. As founder of the Pasquelli Press in Venice, he also championed the engraving of the architecture of Palladio, publishing the *Quattro Libri* in a fine fascimile edition.

Almost as a sideline, he became the agent for Canaletto. Since the opening years of the century he had acted as middleman for British collectors of works of art as well as books and manuscripts, but his relationship with Canaletto developed into that of a modern-day dealer with virtually all of Canaletto's output going directly to him. Their association appears to have begun in the late 1730s when Smith commissioned six large views of the Piazza and Piazzetta of St. Marco, possibly to be let into the panelling of his palazzo near the Rialto. Within a decade he was supplying Woburn with its series of 22 small and two large canvases, and his publication of the artist's views of the Grand Canal was drumming up further commissions from home.

Anyone who has a faded view of Canaletto after seeing too many of the late productions of master and workshop should hurry to the Queen's Gallery to refresh their opinion in the face of Canaletto at his most beguiling. Here are two of the five large upright views of the ancient sites of Rome, again probably intended for Smith's palazzo. The clarity of light is breathtaking, and the fluidity of his paint and the liveliness of his touch as he boldly fleshes out his unusually large figures are as vivacious as anything by Tiepolo.

Two views of the slate-grey Thames - from the terrace at Somerset House looking towards Westminster and upstream towards St Paul's and a skyline pierced by slender church spires - offer contrasting vignettes of contemporary London life. Yet even these delightful confections look almost dour beside his sparkling view of the Bacini di S. Marco on Ascension Day. There is nothing crabbed or dry about this Canaletto.



Detail of the Thames from Somerset House terrace looking towards the city by Canaletto

Consul Smith's is the sole surviving great 18th century Venetian collection. As well as patronising Canaletto, he had acquired most of the best works by the older Sebastiano Ricci and his vast and Veronese-inspired "Adoration of the Magi" dominates the exhibition space, as is perhaps appropriate for a gallery that began life as a private chapel. The slight, high-key gouaches painted on leather by Ricci's nephew and collaborator Marco - including the delightful "Courtier of a Villa" - are minor masterpieces. They, like the late self-portrait of Smith's friend, the Venetian pastelist Rosalba Carriera - broken veins and all - could easily be overlooked on the way out.

Smith bought haphazardly, as and when the opportunity arose. One inspired acquisition was the collection of Zaccaria Sagredo in 1782. It brought the Royal Collection the Bellini plus several volumes of Old Master drawings - scantily represented here by Raphael's red chalk "Massacre of the Innocents" and two sheets (out of an unparalleled group of 200) by Castiglione, drawn with customary bravura in oil paint with the point of a brush. The great surprise is the cache of Dutch and Flemish pictures that Smith acquired when he purchased the collection of G.A. Pellegrini, an artist who had worked extensively in Northern Europe.

Smith's collection is typical of the period. Many paintings were not what they purported to be, including all the Titians and Veroneses. Other misattributions proved more serendipitous. One picture from the Pellegrini estate was listed as by Frans Van Mieris and described as "A Woman playing on a Spinet in presence of a Man seems to be her father". Only in the mid-19th century did it come to be revered as a work of the newly rediscovered master, Johannes Vermeer.

A King's Purchase continues at the Queen's Gallery, Buckingham Palace, until December 23

Dramatic passions

Malcolm Rutherford reviews 'Don't Fool with Love'

UNLESS I have missed it, there is no English equivalent of Alfred de Musset's *On ne badine pas avec l'amour*. Here is real romantic drama, full of pulsating passions and pulsating breasts. The English might go in for that sort of thing in novels, but not on stage. Yet the great surprise of the Cheek by Jowl production at the Donmar Warehouse is that it works.

Declan Donnellan's English version is not significantly different from an old, yellowing version I picked up in the local library, except in one respect. The earlier translation was called *No Trifling with Love*. Donnellan has switched to the sharper *Don't Fool with Love*. Thus he catches the mixture of the reckless and the imperative that is at the heart of the play.

The piece is close to Musset's life. He was the lover of George Sand, who abandoned him first for his Italian doctor, then for Chopin. Rather like Proust's *Remembrance of Things Past*, the genders have been mixed up in the telling. There may be a bit of George Sand in the heroine Camille, but there seems to be even more of her in the male lover Perdiccan. Anyway, what you have is an ultimately tragic affair between two capricious people. There is also a wholly innocent victim in the country girl Rosette whom Perdiccan woos when he is too proud to stick to Camille. It is Rosette who dies in the end.

Donnellan directs himself. Not once does he go over the top. The lovers are young and fresh. They speak their lines as if they are feeling the emotions for the first time. Camille, played by Maria Miles, is only 15 and about to enter a nunnery. Inevitably she reminds one of Héloïse in the famous story. What strikes most, however, is her commanding presence throughout. She, too, is proud.

Perdiccan, played by Michael

Sheen, is an experienced lover, but in the physical not the romantic sense of the term. At times Sheen fairly bubbles with enthusiasm and a sense of wonder that he can be experiencing such feelings, yet the pride never leaves him. Rosette kills herself (or maybe just dies) behind the altar while she hears him swearing his love to Camille in the oratory. The marriage will not take place.

The romance is not all. There is some rather jolly knockabout in the chateau of Perdiccan's father, the baron. A drunken tutor and the local priest compete for baronial attention, a share of the wine and a place in the pecking order at table. That is the light relief. It contributes to a splendid whole. The baron is a thoroughly self-confident figure

played by Colin McFarlane who plainly has no idea of the passions that are seething around him.

Don't Fool with Love is performed on a plain round stage designed by Nick Ormerod. There are no accessories; none are needed. The set looks much bigger than it is, which is how it should be.

Mistakenly, I think, the piece is preceded by *The Blind Men*, a 20 minute work by the Belgian writer Michel de Ghelderode (1898-1962). It concerns three blind men trying to walk from Flanders to Rome and going round in circles. There is no comment to make except that it is very well acted. Musset can stand on his own.

Donmar Warehouse until May 15. (071) 867 1150



Michael Sheen and Maria Miles in Cheek by Jowl's production

Slice of vagrant life

MOST OF us know too little about the two most crucial decades of British history, 1640-60. Any play from that era that gives us a fresh insight into that era is welcome, and Richard Brome's *A Jovial Crew* (1641), currently presented by the RSC in Stephen Jeffreys' adaptation, is - as a slice of history onstage - an amazement. It is about a troupe (and, by implication, troupes) of vagrants, who beg and perform to win their daily bread, who roam to escape conformity and to discover truth, and who seek to realise Utopia in England; and its central characters are young gentryfolk who take off and join the vagrant life.

The play is a serious comedy, occasionally larded with juicy caricature and farce. But watching Jeffreys' version is an uneasy experience, especially if you are not one of those rare birds who have swooned up on the original. On the one hand, Jeffreys, in "improving" what was surely no masterpiece in the first place, hotted up the play's socio-political content? I am curious less on account of

purism than because, to me the play's main interest is what it tells me about 1641. On the other, if Jeffreys simply wanted to make *A Jovial Crew* a better show, why has he not pruned it more? Three hours and a quarter is at least half an hour too long.

The jovial crew, in Max Stafford-Clark's staging, could be a heap more jovial. Their biggest song-and-dance number features some very interestingly fierce choreography by Sue Lefson, in which the performers work themselves up to fever pitch, losing self-control as if in some 17th-century British *Rite of Spring*. This was fascinating and impressive, but did not fit into Brome's play.

These problems apart, this is a powerful production. The

beggar's life becomes vivid, serious, at times alarming (the women encounter attempted rape), at times hilarious (as when these new beggars beg in over-educated language). When the play reaches its happy ending, some characters choose to remain wanderers; and their words - "I've a journey yet to go" - clearly echo Kent's dark words at the end of *King Lear*. Amid a lively and well-integrated ensemble, Ron Cook as the steward turned vagrant Springlove gives an exemplary performance: sombre, generous, wry, alert.

Alastair Macaulay

In repertory at the Pit, Barbican Centre

Pianist on the podium

AMONGST pre-eminent conductors on the scene, there are usually two or three who like to strut their pieces at the keyboard, once in a blue moon: Szell and Sawallisch spring to mind. Very often, in suitably chosen works - they avoid music that requires the ultimate virtuoso polish - their pianism is as satisfying as their conducting. Since the 1960s, however, there has been a surge of first-class pianists crossing over in the other direction, which some of us have found less heartening.

It is one thing for a master-pianist to render his most penetrating insights into his own instrument's sound, but quite another to transmit his full intentions to fellow-musicians in concert; or again, to play upon their collective voice so that it actually speaks and thrills. Those are not a pianist's natural knacks. Bluntly: who will claim (hand on heart) to

have heard an orchestral performance under Barenboim or Ashkenazy that came near to matching their most inspired solo playing?

On the evidence of his Festival Hall debut with the Philharmonia on Thursday, Mikhail Pletnev may prove an exception. He is already known here as a pianist of formidable powers; and, incidentally, as one who has also been happy to appear as accompanist - "mere" would not be the word - for Michael Collins' superlative clarinet. Meanwhile, at his other home in Moscow, he has founded and developed an independent "Russian National Orchestra" of contract players.

For Pletnev's first appearance on a London podium he had Collins as soloist on bassoon-clarinet, the

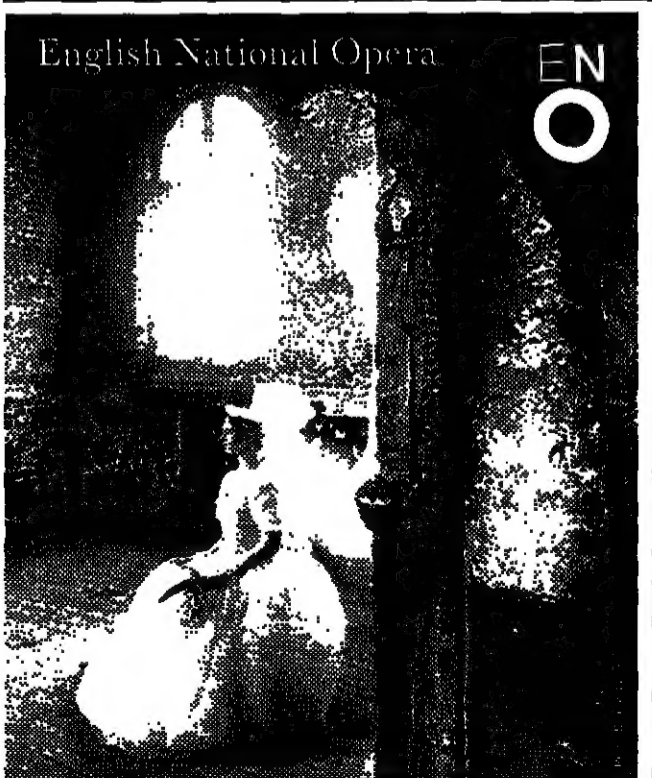
historical lower instrument for which Mozart originally planned his very late Clarinet Concerto (published in a version with higher substitutes for the lowest solo passages). With flawlessly sympathetic Philharmonia support, Collins made an exception. He is already known here as a pianist of formidable powers; and, incidentally, as one who has also been happy to appear as accompanist - "mere" would not be the word - for Michael Collins' superlative clarinet. Meanwhile, at his other home in Moscow, he has founded and developed an independent "Russian National Orchestra" of contract players.

For Pletnev's first appearance on a London podium he had Collins as soloist on bassoon-clarinet, the

transparent innocence the piece prescribes: that bespeaks practical expertise, not just good musical intentions. Later, Chaikovsky's "Pathétique" Symphony stretched him further, and found nothing wanting. Its initial Adagio/Allegro - both tempi read at bold extremes - was vitally alert and dramatic. The 5/4 "waltz" movement really danced, with a baleful glint, and the Scherzo-March was a brilliantly headlong affair, exciting beyond the routine norm; the final Adagio lamentoso rose to precise, poignant expression without resorting to howls or swoons. If Pletnev were unknown as a pianist, this performance would still have earned him full-blooded credentials as a conductor of notable gifts.

David Murray

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Radio/B.A. Young

Press barons

ON ST George's Day yesterday there was little celebration: a couple of references on Radio 2, but at least Radio 4's *Thought for the Day* was given by Dr English.

David Wheeler's *Farewell, Fleet Street* (Radio 4, Sunday) had a Radio Times picture of Lord Northcliffe wearing an inexplicable American flag. We had pictures of Northcliffe in our home when I was a boy; he was practically my father's patron saint, and I got his Christian name. All in this feature spoke well of him, inventor of the popular paper - the *Daily Mail* and later the *Daily Mirror*. The First World War brought him influence with Lloyd George, until as Prime Minister Lloyd George cut himself off from the press. By this time Northcliffe had bought *The Times*, but later he began to go off his head - cardiac trouble, they said. His brother, the first Lord Rothermere, took

over, but he was a manager rather than a journalist, besides being, says Lord Cullip, "preposterously stupid". He was stupid enough to back Mussolini and the British blackshirts - and a rival appeared in the field, Max Aitken, later Lord Beaverbrook, of the *Daily Express* and the *Evening Standard*. A great journalist, he too could be stupid. He inaugurated the Empire Crusade; he insisted in the 1930s there would be no war; and when there was, there would be no rationing. In the War Cabinet he did much for the aircraft industry. John Junor and others spoke of him with respect and affection. Murdoch and Maxwell were

mentioned only transiently, but this was just the first programme of four. More time was given to Andreas Whittam-Smith, prompted into launching the *Independent* by hearing that Eddie Shah was to start a national daily; and to the individual style of the *Guardian*. The series will be worth following.

The centenary of Joan Miró, the Spanish painter, was celebrated on Radio 3 both on Friday, with *Poems of Breath and Ether*, a biographical sketch by Richard Calvocoressi, and on Tuesday, in *Miroco*, an "exploration in sound and music" of his *Harlequin's Carnival* that left me cold. Miró was from Barcelona but went to Paris in 1920. His style was called the "mythification" of the natural phenomena that excited him. He made preliminary drawings for his paintings, but his ideas "ripened in his mind".

Wrongly labelled surrealist, he was not really of them. His work was "not abstract but accessible"; many may have seen it in the Spanish pavilion at the Barcelona Olympics. He was, it was decided, "the greatest public artist of the last half-century". I hope Tuesday's programme did not deter listeners from the greater fascinations of Friday's. Neither of them, of course, gave much idea of those who have not seen them. Radio's great, and weakness is its pictorial inadequacy. Last Saturday *Kaleidoscope* on Radio 4 had an interesting half-hour, *The Ballerina: a Swan-song*, about the fading of the ideal ballerina of tradition. Great dancers like Markova and Baranova told how dancers today lacked the needful inner belief in what they were doing. They must "sing in their guts" the music to which they dance, virtuosity for its own sake "is not art. It is a circus." Clement Crisp and photographer Anthony Crickmay, long-standing commentators on the dance, were with them.

But plasticity, harmony, musicality - no dialogue, no music even, can explain to the listener how these qualities may be seen more in one dancer than another. Radio can pass such things on; but the most elaborate stereophony cannot bring them to life in the home. You have to see them - on a screen if necessary, but see them.

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TELEVISION

SATURDAY		SUNDAY	
BBC1	BBC2	BBC1	BBC2
7.00 Ceejay Page, 7.25 News, 7.30 Fela the Cat, 7.40 The All New Popeye Show, 8.00 The Cat from Tomorrow, 8.30 The Postman, 9.00 Parallel 9, 11.00 Snooker: World Championship.	8.40 Open University.	7.00 Ceejay Page, 7.25 News, 7.30 Fela the Cat, 7.40 The All New Popeye Show, 8.00 The Cat from Tomorrow, 8.30 The Postman, 9.00 Parallel 9, 11.00 Snooker: World Championship.	8.40 Open University.
12.12 Weather.	3.00 Film: Madame X. Much romance, but a lawyer who does not realise that the woman he is defending is his mother. Starring: Lana Turner, John Forsythe, Ricardo Montalban and Burgess Meredith (1958).	12.00 A Cook's Tour of France. The delights of modern French cuisine. Countrywide. A repeat which it provides a viable long-term alternative to fossil fuel.	3.30 Snooker: World Championship. The latest action from the Crucible, Sheffield. 2.20 Squash: The British Open from Wembley Conference Centre. 3.00 Ice Hockey: 3.50 Football: Half Times. 4.00 Snooker: World Championship. 4.40 Final Score.
5.15 News.	4.35 Snooker: World Championship. David Vine presents action from the afternoon's play in round two at the Crucible, Sheffield.	5.00 News and Sport: Weather.	5.15 News.
5.25 Regional News and Sport.	6.15 Scrutiny. New presenter Huw Edwards reports on the work of the House of Commons Select Committees.	5.35 News.	5.25 Regional News and Sport.
5.35 News.	6.45 News and Sport: Weather.	5.45 News.	5.35 News.
5.45 News.	7.00 RTS Lecture. Stan Phillips looks back over her career in the annual Sir Huw Wheldon memorial lecture.	5.55 News.	5.45 News.
5.55 News.	7.30 Snooker: World Championship. Action from tonight's session at the Crucible, Sheffield.	6.00 News.	5.55 News.
6.10 You Rang, M'Lord? The Melvins are facing financial ruin - can anyone put them back on the brink? Paul Shane, Jeffrey Holland and Su Pollard star in the period comedy.	8.00 Have I Got News for You. Regulars Ian Hapton and Paul Merton are joined by Chris Evans and Flora Armstrong as guests and victims. Repeat of Friday's programme.	6.10 You Rang, M'Lord? The Melvins are facing financial ruin - can anyone put them back on the brink? Paul Shane, Jeffrey Holland and Su Pollard star in the period comedy.	6.10 You Rang, M'Lord? The Melvins are facing financial ruin - can anyone put them back on the brink? Paul Shane, Jeffrey Holland and Su Pollard star in the period comedy.
7.00 Film: The Green Glades. A family's camping holiday is ruined when rowdy relatives invite themselves along. Crass comedy starring John Candy, Ian Aykroyd and Arnette Berning (1989).	8.30 Arena. Documentary exploring the truth behind Heartbreak Hotel. Elvis Presley's first million-selling single. Composers Max Aitken and Tommy Duden explain how it was inspired by a real-life suicide in Miami in 1956, and how the lyrics use quotations from a note found by police at the scene. Priscilla Presley recalls how the song seemed to sum up Elvis' feelings of loneliness in the 1950s, and the programme investigates controversial claims that 21 years after recording the song, Elvis himself committed suicide.	6.30 News and Sport: Weather.	6.30 News and Sport: Weather.
8.30 Birds of a Feather. Tricky tries psychotherapy. On closer examination the jokes are about sex, as usual. Starring: Philip Quirk and Linda Robson.	9.00 The Second Helmut: A New Generation. Second part of Edgar Reitz's rich, epic German drama. Like Hermann, Juan falls for Clara. Starring: Daniel Smith, Salome Karmner and Henry Arnold (English subtitles).	6.45 News and Sport: Weather.	6.45 News and Sport: Weather.
9.00 Westbeech. Heartbreak at the hotel when an Elvis Presley convention at the Royal Suffolk is interrupted by the fire alarm. Part two of the formulaic seaside soap starring Oliver Cotton, Deborah Grant and Debby Bishop.	9.30 Snooker: World Championship. Match action, plus highlights from the earlier games at the Crucible, Sheffield.	6.55 News.	6.55 News.
9.30 News and Sport: Weather.	1.30 Close.	7.00 News.	7.00 News.
10.10 International Heavyweight Boxing. Live coverage of Frank Bruno v Carl 'The Truth' Williams.	1.30 Close.	7.10 News.	7.10 News.
11.00 Bruce Springsteen Plugged. The title is a giveaway: a nod to the success of MTV's acoustic live sessions. Springsteen recorded live in Los Angeles plays old favourites but his two recent records, Lucky Town and Human Touch, are also heavily plugged.	1.30 Close.	7.20 News.	7.20 News.
12.30 Weather.	1.30 Close.	7.30 News.	7.30 News.
12.35 Close.	1.30 Close.	7.40 News.	7.40 News.

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BBC1	BBC2	BBC1	BBC2
7.00 Ceejay Page, 7.25 News, 7.30 Fela the Cat, 7.40 The All New Popeye Show, 8.00 The Cat from Tomorrow, 8.30 The Postman, 9.00 Parallel 9, 11.00 Snooker: World Championship.	8.40 Open University.	7.00 Ceejay Page, 7.25 News, 7.30 Fela the Cat, 7.40 The All New Popeye Show, 8.00 The Cat from Tomorrow, 8.30 The Postman, 9.00 Parallel 9, 11.00 Snooker: World Championship.	8.40 Open University.
12.00 A Cook's Tour of France. The delights of modern French cuisine. Countrywide. A repeat which it provides a viable long-term alternative to fossil fuel.	12.30 Sunday Grandstand. 12.35 Motor Racing. Live coverage of the San Marino Grand Prix. Commentary by Murray Walker, James Hunt and Jonathan Palmer. 2.40 Ice Hockey. The Championship Play-Off Final from Wembley. Commentary by Barry Davies and Paul Ferguson. 3.00 Snooker: World Championship. Ted Lowe, Jack Karnehm and Clive Everton provide commentary on second-round action from the Crucible, Sheffield. 3.50 Ice Hockey. 4.30 Snooker: World Championship. Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	12.00 A Cook's Tour of France. The delights of modern French cuisine. Countrywide. A repeat which it provides a viable long-term alternative to fossil fuel.	12.30 Sunday Grandstand. 12.35 Motor Racing. Live coverage of the San Marino Grand Prix. Commentary by Murray Walker, James Hunt and Jonathan Palmer. 2.40 Ice Hockey. The Championship Play-Off Final from Wembley. Commentary by Barry Davies and Paul Ferguson. 3.00 Snooker: World Championship. Ted Lowe, Jack Karnehm and Clive Everton provide commentary on second-round action from the Crucible, Sheffield. 3.50 Ice Hockey. 4.30 Snooker: World Championship. Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
12.35 Weather for the Week Ahead.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	12.35 Weather for the Week Ahead.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
1.00 News.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	1.00 News.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
1.05 On the Record. Jonathan Dimbleby interviews Chris Patten, governor of Hong Kong.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	1.05 On the Record. Jonathan Dimbleby interviews Chris Patten, governor of Hong Kong.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
2.00 EastEnders.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	2.00 EastEnders.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
2.05 Film: Operation Crossbow. Star-studded, complicated, second world war action adventure about a small band of commandos out to destroy a secret Nazi missile base. The cast includes George Peppard, Sophia Loren, Trevor Howard, Tom Courtenay, Anthony Quayle and John Mills (1955).	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	2.05 Film: Operation Crossbow. Star-studded, complicated, second world war action adventure about a small band of commandos out to destroy a secret Nazi missile base. The cast includes George Peppard, Sophia Loren, Trevor Howard, Tom Courtenay, Anthony Quayle and John Mills (1955).	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
4.50 Blackbeat. Viewers offer opinions on a Year in Provence.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	4.50 Blackbeat. Viewers offer opinions on a Year in Provence.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
5.35 Masterchef. Broadcaster Joan Bakewell invites to judge chefs served up by cooks from Wales.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	5.35 Masterchef. Broadcaster Joan Bakewell invites to judge chefs served up by cooks from Wales.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
6.10 News.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	6.10 News.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
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7.00 Last of the Summer Wine. Foggy devises a plan to put the pleasure back into hill climbing.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	7.00 Last of the Summer Wine. Foggy devises a plan to put the pleasure back into hill climbing.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
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11.10 Shakespeare: The Animated Tales. Hamlet.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	11.10 Shakespeare: The Animated Tales. Hamlet.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
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12.05 The Sky at Night.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	12.05 The Sky at Night.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.
12.30 Close.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.	12.30 Close.	5.10 Rugby Special. The final weekend of the 1,400 mile Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks are covered with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called boto.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon, 6.05 Brian Matthews, 10.00 Anne Robinson, 12.00 Hayes on Saturday, 1.30 The News, 1.35 News, 2.00 Chris Stuart, 3.00 Steve Race, 4.00 Eve Pollard, 5.00 News, 5.10 Nick Hancock's New Country, 6.00 Vince Hara's Solid Music Show, 7.00 All Time High, 8.00 By, 7.00 The Musical World of Raymond Cohen, 6.50 It's All for You, 6.50 It's All for David



IT IS 25 months since I wrote the first of these columns, and history has come full circle. Twenty-five months and three Budgets ago, we were being told by Norman Lamont that there were signs of "the green shoots" of growth in the economy. As it turned out, the only view of green shoots then to be obtained were from a position approximately six feet below. The British economy was still well and truly buried.

Now, here we are, green shooting again, although this time John Major has taken on the mantle of garden soothsayer from Lamont, who, understandably, has abandoned the rustic run business.

Speaking as a responsible citizen and loyal employee of an ambitious organisation, I could not be more

Spare us the green shoots Mr Major

Because times are bad, says Dominic Lawson, most of us have never had it so good

delighted that this time, as Chauncey Gardner said in *Being There*, there will be growth in the spring. Speaking personally, I am filled with gloom. For those of us who have kept our jobs during the recession - and we represent the overwhelming majority of the workforce - the bad times have been very good.

First, there was the wonderful disintegration of the retail price mechanism. During the recession it was possible to haggle over the price of everything. A friend of mine a few months ago, for a challenge, attempted to get substantial

reductions at the places one would least expect it. Asprey's, Claridges, Harrods: they all succumbed. Apart from anything else, the haggle was so enjoyable: it was like travelling to an exotic Middle Eastern souk without all the inconveniences of foreign travel.

The economist Fred Hirsch, during the boom years of the 1960s came up with a clever concept, which he named "the positional good." As I recall, the less one had to share something the more of a positional good it was. For example, a place on an uncrowded beach was said to be worth much more than the same

place on the same beach, once it had become crowded.

During the boom of the 1980s we came to understand this as the "German towel on the beach" problem. In other words, if you accept Hirsch's concept, those of us who are doing so-so are actually better off in a recession, because we share the goodies with fewer people.

The list of this type of benefit is a long one: the availability of taxis at all times and to all destinations; no matter how awkward; the ability to get a table at a good restaurant without booking; the ability to park a car in a City garage without

queuing. Indeed, I do not think I have seen a queue at all in London for at least three years.

There is another factor, which Hirsch did not write about: the joy at others' misfortunes. The Germans call it *Schadenfreude*. But it is a particular hobby of the British. The sight of all those financial stars of the 1980s plummeting to earth - or water, in the case of the late Robert Maxwell - has been of enormous cheer to the British.

We were uncomfortable with the extraordinary access to great wealth of the likes of Asil Nadir and Alan Bond, not because we

thought their methods were suspect - what could we have known of those? - but because such dynamic growth in fortunes mocked our own innate aversion to risk, and our sluggishness.

Worse still, during the growth years one experienced the ghastly shock of meeting old school friends whom one had written off as irredeemably stupid, and finding that they had made a great fortune in the City "stripping mortgages" or "washing bonds", none of which one understood.

These people it seemed, were the only ones who could afford a prop-

erty in London with their own front door. Are these bad times to come again?

Property is the sordest point of all. It amazes me that the media and the public seem to interpret the economy as "bad" when house prices are falling in real terms and "good" when they are rising by more than the rate of inflation: I dread newspaper headlines trumpeting estate agents' claims of "healthy" rises in property prices, and I say this as someone with a heavily mortgaged home. Like most people, other than the very old, I aspire to live in a bigger house. The further property prices fall, the more likely it is that I could afford such a home. And, just I was planning such innocent self-advancement, along comes the recovery. It's a crying shame.

■ Dominic Lawson is editor of the *Spectator*

SHE ALIGHTED like a gorgeous butterfly on the shining parquet of Prince Naryshkin's palace in St Petersburg and took a swig of champagne. Her head was wrapped in a trailing turban, her slender body in a jacket of rainbow colours and her legs - the famous legs - in saucy black-patterned stockings.

When Natalia Makarova emerges fragile and shimmering from the secret struggles of the wardrobe she seems to create an auditorium of the space around her.

It is not deliberate vanity, I think, but her unabashed theatricality - the same impulse that keeps the former prima ballerina assoluta of the Kirov still twirling under the lights as an actress and media celebrity.

A few evenings later, aboard a luxury train trundling down to Volgograd and central Asia, the Russian butterfly consented to perch for an hour in the ornate library car and talk about the sensation of revisiting her wasted homeland.

It was early in April and the snow was melting to expose a dour landscape of birch woods, brown pasture and muddy, derelict townships. President Boris Yeltsin had just returned from his meeting with Bill Clinton and was campaigning for votes in the national referendum to be held tomorrow.

First of all I asked Makarova (the stress is on the second syllable) whether anything of the Leningrad child in her had survived.

"Well, I don't feel particularly Russian," she said in a heavy Russian accent. "Everybody says I'm totally Russian. But I don't feel this national belonging. I belong to the world." She laughed as if to apologise for the conceit. "I always am comfortable and feel free when I have lots of possibility for creative things. And that's my home."

Makarova's material home is San Francisco where she lives with her third husband, Edward Karkar, a tall, courteous Lebanese-American who sold his electronics company in 1986 and plays Stradivarius and Guarneri violins. There are apartments in New York and London. The couple have a 15-year-old son, Andrei (Andrusha) who was travelling with them for his first look at Russia.

Do you suffer as other exiles have? I asked. Solzhenitsyn became quite bitter about the West.

"I know, I know. But you see writers are different. Writers belong to the roots because they reflect their nation and they have probably more responsibility to the nation. Ballet is a much more abstract art... Because I am abstract, I am *Sylphide* (the wood sprite in Bourdonville's romantic ballet). I can be *Sylphide* everywhere. Nothing to do with politics. It's my spirit, that's what it is... whether in America, Africa. Everywhere it's a spirituality."

This little sprite - she is no



Robert Sullivan

A talk on the night train

Natalia Makarova, the ballerina, trembles for the future of Russia

more than 5ft 3in tall - was rescued by her mother from the German siege of Leningrad and grew up pardonably unashamed of her material cravings - for chocolate, clothes and shoes, for icons and works of art.

She is not all Material Girl. In the garden of her country house in the Napa Valley, California, Makarova and her husband are completing an Orthodox chapel of Canadian cedarwood with seven onion domes, computer-designed, of copper-covered fibreglass. It is more than just a souvenir of the country she fled 23 years ago, as became clear later in the conversation.

The couple have also set up a foundation to help her childhood ballet school in St Petersburg, the Vaganova, which produced many of the great names of Russian ballet including Makarova's two fellow refugees, Nureyev and Baryshnikov.

Makarova defected ("I don't like the word. I choose to live in another country") during a Kirov tour to London. Dining with English friends, she debated with them for seven hours before ringing Scotland Yard. "They predict me in

Soviet Russia (I will never survive," she said, "because I am too Russian and I will be lost in that rotten capitalist world. But that is old story.")

Four years ago, one of the first beneficiaries of *glasnost*, she returned to her home city to dance at the Kirov. She decided to make it her swan-song as a classical ballerina. Emotional as the occasion was, it seemed to her unreal. "I totally cancelled that other world when I live this different life. In my mind I knew I will never go back. I just totally cut it from my life."

"Would you live here again?" "No, I will not. Why? Why?"

I could not think why. To give people encouragement? To show your faith in their future?

"I don't think it will be enough for them," she laughed. "It will not help, really. It's very romantic." (I think she meant naive).

Do you feel no nostalgia? "You can't say it's nostalgia. I just feel very sad and very dramatic towards my generation, my people. I share with them and I suffer. It's not just to say that. I really truly do. I really feel terrible because they don't deserve that. They

have a dignity and it looks like they're on the edge to lose their dignity. I don't know what best I can do.

"They are down, much down. They hardly hope for the future. It's so sad. Everyone complains. They took my shoulder and put their head on my shoulder and say: 'Natashinka, but you heard about our situation?' I said: 'Of course I heard'. It's getting worse and worse. At least after the war it was difficult time but everyone was optimistic, rebuilding, you know, a rejuvenation mood. But now they find hard just to survive to get enough food, not to die."

As Makarova's passion rises, her accent and syntax becomes ever more exotic. She begged me, for the sake of her career as an actress, to tidy up her English. What can one do? It is part of her personality, and the critics are forgiving because of her mesmerising stage presence. The *Financial Times* called her the most flawed but the most sublime element of the piece when she starred opposite Robert Powell in *Tovarich* in Chichester and

London. Her performance in *On Your Toes* won her rave reviews and an Olivier award as best actress in a musical.

When I observed it was difficult not to feel ashamed travelling in luxury through such manifest poverty, she agreed hastily.

"Yes, I feel guilty. Me too. Absolutely. I go to the streets with these people. They cover themselves and they look away from the camera. It is because they have dignity that they cover. And I am living well, I'm alright. I am really like a Scarlett O'Hara."

She described her compatriots as spiritually energetic but reduced to apathy by "the tragedy of uncertainty where the old thing collapses and the new didn't arrive." If they got through the mental and moral stress of the present, she added, they would survive.

She talked about Africa and Yugoslavia in the same breath as Russia. "I wish everyone would not just say 'Oh, Oh, how bad!' but do something realistic about it. I just wish people will be not passive. Of course you can sympathise with people who are hungry but do something. My God!

"Just put this. How is principles, when people are dying? How possible that?"

The extravagance of her language does not mean Makarova's concern is insincere. Indeed, as we talked a softer, more thoughtful and less theatrical character began to emerge and her discomfort with my questions subsided.

I wondered how maturity had changed her. We get older, I said, and want to make sense

of our lives. Like Tolstoy, I prompted.

"Certainly. And sometimes they are wrong."

What about you? "You perform some role and you are very fussy at the beginning," she replied. "With more experience you cut the extra and come to the essence. So probably with age you come to be more simple, more direct."

What about the celebrity

status you have achieved as a dancer and exile, and now as a media performer. Do you enjoy that side of life?

"I don't think about that. It's part of my life. I cannot answer. It's just what I am."

Some people in the public eye complain...

"No, I don't dislike anything. I don't particularly like socialising when I am out of work. I prefer to stay in my country house and read and listen to music. That's the most enjoyable time I have. I had very little opportunity before."

I asked her what she read. She surprised me by replying promptly: "Philosophy, religion."

Did you have any religious teaching? "Not as a child. No. Only my *babushka*, my grandmother, christened me when I was five years old and since that I never was in church in Russia."

A little later she said: "Myself, I have a belief. But it is in me, inside of me. It's not come from on top. I am afraid now in Russia there is a new fashion of religion which comes too much from above. It is somehow strange to me after all this education in the party ideology. They have gone from one extreme to another."

Because they feel so vulnerable?

"Probably escapism too. I read a lot of philosophers, atheist and religious, like Berdyaev, like Heidegger, Camus and Sartre. I compare and choose for myself. I am looking for the right thing for me."

"I don't think ever in the history of Russia they ever had a choice. It's always been dictated - how to think, how to feel. Thus for people to take liberty and democracy is very difficult, mentally. There has to be a transition time. It will be much longer than you think." She looked at me accusingly.

You mean 50 years, 100 years?

"I can't predict. I am not politician. I am not gypsy," she laughed gaily and continued. "I'm not very political, as you say. Not very intellectual." She laughed again. "So, I'm not supposed to be. I'm ballerina." And she flitted off to bed.

Stop the world, let me off

Michael Thompson-Noel



WOULDN'T it be splendid if John Major woke one morning in No 10 Downing Street and found, pinned to his pillow or propped against his tea-maker, a note from the Saint signed with the famous logo - a matchstick man with a halo. The message would be quite short: "I am watching you, sonnikins. Your performance in office has been nothing but bloomers. Yet I believe you have the makings of a decent man, so I am giving you a fresh start. That's all I've got to say for now. Just raise your game considerably. The Saint is watching you. Understand, honeybunch?"

Perhaps you didn't know that the Saint used words like "sonnikins" and "honeybunch" - or "sweetness" or "loveliness" - when admonishing villains? Neither did I until this week, when news of the death of Leslie Charteris, the Saint's creator, sent me scurrying to the bookshop to buy my first Saint books: *Enter the Saint*, one of the earliest (published in 1930), and *The Saint Goes West* (1942).

Their innocence is charming. How simple life was then. Right was right and wrong was wrong, and sex was still

in the cupboard. Even the violence the Saint dished out was choreographed slapstick, at the end of which he was liable to draw, perhaps a little breathlessly. "Any time any of you had cheques want any more lessons in rough-housing, you've only got to drop me a postcard and I'll be right along."

In an introduction to the Everyman paperback version of *Enter the Saint*, Ion Trewin says that it is possible, with hindsight, to see why the Saint caught on so swiftly. With the depression at its height, Charteris offered not just escapism but a contemporary Robin Hood who, like the Robin Hood of myth, would hand over the loot - in the Saint's case to charity, keeping 10 per cent as his fee.

In fact, analysis of the Saint books has shown that there were five Saints all told, from the piratical and energetic Mark I Saint of the early books to the final Mark V version: cosmopolitan and almost world-weary.

But he would be laughed off the book-

stalls today. In *Enter the Saint*, Charteris tells us that there was "a certain quiet assurance about his bearing, a certain steely quality that came sometimes into his blue eyes, a certain indefinable air of strength and recklessness and quixotic bravado" that reminded his opponents of "wire and whipcord and indiarubber and compressed steel springs and high explosives."

Dearie-me, honeybunch. And the Saint's enemies were the crudest of cut-outs - "crooks, blood-suckers, traders in vice and damnation, and other verminous excrescences of that type."

There is little indication that the Saint would survive more than about three minutes in a late 20th-century world echoing with the rumble of apocalyptic prophecy. The Branch Davidians were not alone. In the US, as many as 900 groups and individuals are currently proclaiming the onset of global catastrophe, according to the Millennium Watch Institute in Philadelphia, which monitors such predictions. Ted Daniels, who runs the institute,

attributes this doom-saying to the approach of the year 2000. "I think that's getting people excited. It seems to follow in people's minds that there ought to be some huge change. All those zeros pop up on the odometer and it's got to mean something."

Yet the Saint books have set me thinking. Their escapism is no mere accident. It is cleverly contrived. Because of the conventions of their time, the view of the world they present is the result of determined and skilful filtering, and of vigorous self-censorship. Leslie Charteris was not an innocent. He knew a lot about the real world. But you can hardly tell that from the books.

Quite soon - I predict - escapism and censorship will make a big comeback. The planet is spinning towards so much horror that people will feel the need to be protected from it, if only to preserve their sanity. They will want newspapers and TV stations that offer them a sanctuary - a non-stop merry-go-round of music, comedy, sport, sex, fashion, gardening, food and wine tips, happy stories from safe places, medical breakthroughs, strange objects in space, Princess Diana, religious visitations and the latest speculation about particle physics and parallel universes.

They can sign me up tomorrow.

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